An Act

ENROLLED HOUSE
BILL NO. 2131

By: George and McDugle of the House

and

Jett of the Senate

An Act relating to retirement; amending 11 O.S. 2021, Sections 50-109, 50-110, and 50-124, which relate to the Oklahoma Police Pension and Retirement System; modifying how certain sums shall be paid; providing exception; and providing an effective date.

SUBJECT: Retirement

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 11 O.S. 2021, Section 50-109, is amended to read as follows:

Section 50-109. Any municipality participating in the System shall appropriate funds, for the use and benefit of the System, as provided in the following schedule:

1. Prior to July 1, 1991, a minimum of ten percent (10%) of the actual paid base salary of each member of the System employed by the municipality;

2. Beginning July 1, 1991, a minimum of ten and one-half percent (10 1/2%) of the actual paid base salary of each member of the System employed by the municipality;

3. Beginning July 1, 1992, a minimum of eleven percent (11%) of the actual paid base salary of each member of the System employed by the municipality;

4. Beginning July 1, 1993, a minimum of eleven and one-half percent (11 1/2%) of the actual paid base salary of each member of the System employed by the municipality;

5. Beginning July 1, 1994, a minimum of twelve percent (12%) of the actual paid base salary of each member of the System employed by the municipality;

6. Beginning July 1, 1995, a minimum of twelve and one-half percent (12 1/2%) of the actual paid base salary of each member of the System employed by the municipality; and

7. Beginning July 1, 1996, a minimum of thirteen percent (13%) of the actual paid base salary of each member of the System employed by the municipality.

The sum appropriated shall be paid online to the System within ten (10) days following the payroll period on which the contribution is based.

The state shall make such appropriation as is necessary to assure the retirement benefits provided by the article.

SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-110, is amended to read as follows:

Section 50-110. A. Each member in the System shall contribute to the System a minimum of eight percent (8%) of the member's actual paid base salary.

At the option of the participating municipality, the participating municipality may pay all or any part of the member's required contribution. The sums contributed shall be paid online to the System as provided in this article within ten (10) days following the payroll period on which the contributions are based. Amounts deducted from the salary of a member and not paid to the System after thirty (30) days from each ending payroll date shall be subject to a monthly late charge of one and one-half percent (1 1/2%) of the unpaid balance to be paid by the municipality to the System. All funds received by a participating municipality for police retirement purposes shall be forwarded to the State Board for credit to the Fund.

B. Each municipality shall pick up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the

contribution which the member is required by law to make to the System for all compensation earned after December 31, 1988. Although the contributions so picked up are designated as member contributions, such contributions shall be treated as contributions being paid by the municipality in lieu of contributions by the member in determining tax treatment under the Internal Revenue Code of 1986 and such picked up contributions shall not be includable in the gross income of the member until such amounts are distributed or made available to the member or the beneficiary of the member. The member, by the terms of this System, shall not have any option to choose to receive the contributions so picked up directly and the picked up contributions must be paid by the municipality to the System.

Member contributions which are picked up shall be treated in the same manner and to the same extent as member contributions made prior to the date on which member contributions were picked up by the municipality. Member contributions so picked up shall be included in gross salary for purposes of determining benefits and contributions under the System.

The municipality shall pay the member contributions from the same source of funds used in paying salary to the member, by effecting an equal cash reduction in gross salary of the member.

SECTION 3. AMENDATORY 11 O.S. 2021, Section 50-124, is amended to read as follows:

Section 50-124. A. Except as otherwise provided by this section, no portion of any of the funds of the System shall, either before or after any order made by the State Board for payment to any person entitled to a pension or allowance, be held, seized, taken, subjected to, or detained, or levied on by virtue of any garnishment, attachment, execution, injunction, or other order or decree or any process or proceeding whatever, issued out of or by any court of this state for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demand or judgment against any such person entitled to payment, nor shall said payments or any claim thereto be directly or indirectly assigned, and any attempt to assign or transfer the same shall be void. The said funds shall be held, invested, secured and distributed for the purposes named in this article, and for no other purpose whatever.

B. 1. The provisions of subsection A of this section shall not apply to a qualified domestic order as provided pursuant to this subsection.

2. The term "qualified domestic order" means an order issued by a district court of this state pursuant to the domestic relation laws of the State of Oklahoma which relates to the provision of marital property rights to a spouse or former spouse of a member or provision of support for a minor child or children and which creates or recognizes the existence of the right of an alternate payee, or assigns to an alternate payee the right, to receive a portion of the benefits payable with respect to a member of the System.

3. For purposes of the payment of marital property, to qualify as an alternate payee, a spouse or former spouse must have been married to the related member for a period of not less than thirty (30) continuous months immediately preceding the commencement of the proceedings from which the qualified domestic order issues.

4. A qualified domestic order is valid and binding on the State Board and the related member only if it meets the requirements of this subsection.

5. A qualified domestic order shall clearly specify:

a. the name and last-known mailing address (if any) of the member and the name and mailing address of the alternate payee covered by the order,

b. the amount or percentage of the member's benefits to be paid by the System to the alternate payee,

c. the number of payments or period to which such order applies,

d. the characterization of the benefit as to marital property rights or child support, and

e. each plan to which such order applies.

6. A qualified domestic order meets the requirements of this subsection only if such order:

a. does not require the System to provide any type or form of benefit, or any option not otherwise provided under state law as relates to the System,

b. does not require the System to provide increased benefits, and

c. does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee pursuant to another order previously determined to be a qualified domestic order or an order recognized by the System as a valid order prior to the effective date of this act.

7. A qualified domestic order shall not require payment of benefits to an alternate payee prior to the actual retirement date of the related member.

8. The obligation of the System to pay an alternate payee pursuant to a qualified domestic order shall cease upon the death of the related member.

9. This subsection shall not be subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C.A. Section 1001, et seq., as amended from time to time, or rules and regulations promulgated thereunder, and court cases interpreting said act.

10. The Oklahoma Police Pension and Retirement Board shall promulgate such rules as are necessary to implement the provisions of this subsection.

11. An alternate payee who has acquired beneficiary rights pursuant to a valid qualified domestic order must fully comply with all provisions of the rules promulgated by the State Board pursuant to this subsection in order to continue receiving his or her benefit.

C. Notwithstanding any other provision of law to the contrary, effective August 5, 1997, the State Board may approve any offset of a member's benefit to pay a judgment or settlement against the member for a crime involving the System or for a breach of the member's fiduciary duty to the System, provided such offset is in accordance with the requirements of Section 401(a)(13) of the Internal Revenue Code of 1986, as amended.

D. The provisions of subsection A of this section shall not apply to a Child Support Enforcement Division order for a support arrearage pursuant to Section 240.23 of Title 56 of the Oklahoma Statutes and current child support payments made pursuant to a valid court order.

SECTION 4. This act shall become effective November 1, 2023.

Passed the House of Representatives the 20th day of March, 2023.

Presiding Officer of the House of Representatives

Passed the Senate the 18th day of April, 2023.

Brent Howard
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 19th day of April, 2023, at 3:32 o'clock p. M.

By: Dumer Curry

Approved by the Governor of the State of Oklahoma this 21st day of April, 2023, at 2:42 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 21st day of April, 2023, at 4:16 o'clock P. M.

By: Brian Bingman

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December 29, 2022

Representative John George
Room 504

Re: RHB No. 5474

RBH No. 5474 requires municipal and participants contributions to Police Pension and Retirement System be remitted online .

RBH No. 5474 is a nonfiscal bill as defined by OPLAAA.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA