An Act relating to insurance premium tax; amending 36 O.S. 2011, Section 312.1, as amended by Section 5, Chapter 165, O.S.L. 2013 (36 O.S. Supp. 2019, Section 312.1), which relates to the apportionment of collections; clarifying reference; modifying apportionment amounts to certain pension systems in certain fiscal years; providing apportionment to certain fund; prohibiting certain reductions of certain apportionments; and providing an effective date.

SUBJECT: Insurance premium tax

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 312.1, as amended by Section 5, Chapter 165, O.S.L. 2013 (36 O.S. Supp. 2019, Section 312.1), is amended to read as follows:

Section 312.1 A. For the fiscal year ending June 30, 2004, the Insurance Commissioner shall report and disburse one hundred percent (100%) of the fees and taxes collected under Section 624 of this title to the State Treasurer to be deposited to the credit of the Education Reform Revolving Fund created pursuant to Section 34.89 of Title 62 of the Oklahoma Statutes of the State Department of Education. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the
Insurance Commissioner or the Chief Clerk of such office certifying
to the correctness thereof.

B. For the fiscal year beginning July 1, 2006, and for each
fiscal year thereafter, the The Insurance Commissioner shall
apportion an amount of the taxes and fees received from Section 624
of this title, which shall be at least One Million Two Hundred Fifty
Thousand Dollars ($1,250,000.00) each year, but which shall also be
computed on an annual basis by the Commissioner as the amount of
insurance premium tax revenue loss attributable to the provisions of
subsection H of Section 625.1 of this title and increased if
necessary to reflect the annual computation, and which shall be
apportioned before any other amounts, to the following pension
systems and in the following amounts as follows:

1. Sixty-five percent (65%) The following amounts shall be paid
to the Oklahoma Firefighters Pension and Retirement Fund in the
manner provided for in Sections 49-119, 49-120 and 49-123 of Title
11 of the Oklahoma Statutes:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006 through FY 2020</td>
<td>65.0%</td>
</tr>
<tr>
<td>FY 2021 as follows:</td>
<td></td>
</tr>
<tr>
<td>a. for the month beginning July 1,</td>
<td></td>
</tr>
<tr>
<td>2020, through the month ending</td>
<td></td>
</tr>
<tr>
<td>August 31, 2020</td>
<td>65.0%</td>
</tr>
<tr>
<td>b. for the month beginning September</td>
<td></td>
</tr>
<tr>
<td>1, 2020, through the month ending</td>
<td></td>
</tr>
<tr>
<td>June 30, 2021</td>
<td>45.5%</td>
</tr>
<tr>
<td>FY 2022</td>
<td>48.75%</td>
</tr>
<tr>
<td>FY 2023 and each fiscal year thereafter</td>
<td>65.0%</td>
</tr>
</tbody>
</table>

2. Twenty-six percent (26%) The following amounts shall be paid
to the Oklahoma Police Pension and Retirement System pursuant to the
provisions of Sections 50-101 through 50-136 of Title 11 of the
Oklahoma Statutes:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ENR. H. B. NO. 2742
FY 2006 through FY 2020 26.0%

FY 2021 as follows:

a. for the month beginning July 1, 2020, through the month ending August 31, 2020 26.0%

b. for the month beginning September 1, 2020, through the month ending June 30, 2021 18.2%

FY 2022 19.5%

FY 2023 and each fiscal year thereafter 26.0%; and

3. Nine percent (9%) The following amounts shall be paid to the Law Enforcement Retirement Fund:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006 through FY 2020</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

FY 2021 as follows:

a. for the month beginning July 1, 2020, through the month ending August 31, 2020 9.0%

b. for the month beginning September 1, 2020, through the month ending June 30, 2021 6.3%

FY 2022 6.75%

FY 2023 and each fiscal year thereafter 9.0%; and

4. The following amounts shall be paid to the Education Reform Revolving Fund of the State Department of Education:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021 as follows:</td>
<td></td>
</tr>
</tbody>
</table>
for the month beginning September 1, 2020, through the month ending June 30, 2021

30.0%

FY 2022

25.0%

C. After the apportionment required by subsection B of this section, for the fiscal years beginning July 1, 2004, and ending June 30, 2009, the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title and Section 2204 of this title, and the same are hereby apportioned as follows:

1. Thirty-four percent (34%) of the taxes collected on premiums shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Seventeen percent (17%) of the taxes collected on premiums shall be allocated and disbursed to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes;

3. Six and one-tenth percent (6.1%) of the taxes collected on premiums shall be allocated and disbursed to the Law Enforcement Retirement Fund; and

4. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

D. After the apportionment required by subsection B of this section, the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title and Section 2204 of this title, and the same are hereby apportioned as follows:
1. Thirty-six percent (36%) of the taxes collected on premiums the following shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006 through FY 2020</td>
<td>36.0%</td>
</tr>
<tr>
<td>FY 2021 as follows:</td>
<td></td>
</tr>
<tr>
<td>a. for the month beginning July 1, 2020, through the month ending August 31, 2020</td>
<td>36.0%</td>
</tr>
<tr>
<td>b. for the month beginning September 1, 2020, through the month ending June 30, 2021</td>
<td>25.2%</td>
</tr>
<tr>
<td>FY 2022</td>
<td>27.0%</td>
</tr>
<tr>
<td>FY 2023 through FY 2027</td>
<td>39.6%</td>
</tr>
<tr>
<td>FY 2028 and each fiscal year thereafter</td>
<td>36.0%</td>
</tr>
</tbody>
</table>

2. Fourteen percent (14%) of the taxes collected on premiums the following shall be allocated and disbursed to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006 through FY 2020</td>
<td>14.0%</td>
</tr>
<tr>
<td>FY 2021 as follows:</td>
<td></td>
</tr>
<tr>
<td>a. for the month beginning July 1, 2020, through the month ending August 31, 2020</td>
<td>14.0%</td>
</tr>
<tr>
<td>b. for the month beginning September 1, 2020, through the month ending June 30, 2021</td>
<td>9.8%</td>
</tr>
</tbody>
</table>
FY 2022                                    10.5%
FY 2023 through FY 2027                   15.4%
FY 2028 and each fiscal year thereafter   14.0%

3. Five percent (5%) of the taxes collected on premiums the following shall be allocated and disbursed to the Law Enforcement Retirement Fund:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006 through FY 2020</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

FY 2021 as follows:

   a. for the month beginning July 1, 2020, through the month ending August 31, 2020 5.0%

   b. for the month beginning September 1, 2020, through the month ending June 30, 2021 3.5%

FY 2022                                    3.75%
FY 2023 through FY 2027                   5.5%
FY 2028 and each fiscal year thereafter   5.0%; and

4. The following amounts shall be paid to the Education Reform Revolving Fund of the State Department of Education:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021 as follows:</td>
<td></td>
</tr>
</tbody>
</table>

   for the month beginning September 1, 2020, through the month ending June 30, 2021 16.5%

FY 2022                                    13.75%

5. In addition to the allocations made pursuant to paragraphs 1, 2 and 3 of this subsection, of the taxes collected on premiums
the following amounts shall be allocated and disbursed annually for FY 2023 through FY 2027:

a. Eighty-one Thousand Two Hundred Fifty Dollars ($81,250.00) to the Oklahoma Firefighters Pension and Retirement Fund,

b. Thirty-two Thousand Five Hundred Dollars ($32,500.00) to the Oklahoma Police Pension and Retirement System, and

c. Eleven Thousand Two Hundred Fifty Dollars ($11,250.00) to the Oklahoma Law Enforcement Retirement Fund; and

6. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

E. The disbursements provided for in subsections A, B, C and D of this section shall be made monthly. The Insurance Commissioner shall report annually to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the State Auditor and Inspector, the amounts collected and disbursed pursuant to this section.

F. Notwithstanding any other provision of law to the contrary, no tax credit authorized by law enacted on or after July 1, 2008, which may be used to reduce any insurance premium tax liability shall be used to reduce the amount of insurance premium tax revenue apportioned to the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System or, the Oklahoma Law Enforcement Retirement System or the Education Reform Revolving Fund.

SECTION 2. This act shall become effective September 1, 2020.
Passed the House of Representatives the 5th day of May, 2020.

[Signature]
Presiding Officer of the House of Representatives

Passed the Senate the 7th day of May, 2020.

[Signature]
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 14th

day of May, 2020, at 3:45 o'clock p.m.

By: [Signature]

Approved by the Governor of the State of Oklahoma this _____
day of __________________, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 13th

day of May, 2020, at 11:13 o'clock a.m.

By: [Signature]

ENR. H. B. NO. 2742
MESSAGE
FROM THE
HOUSE OF REPRESENTATIVES

5/13/2020

THE HONORABLE
SECRETARY OF STATE

By order of the House of Representatives of the State of Oklahoma, this Message is sent:

Transmitting herewith Enrolled HB 2742 and advising that under the provisions of Article VI, Section 11, of the Constitution of the State of Oklahoma, the House of Representatives and the Senate have reconsidered and passed said bill, over the Governor's veto, by a two-thirds vote of each House, said votes being as follows: House of Representatives: Ayes 95, Nays 5; Senate: Ayes 34, Nays 12.

Respectfully,

EMILY GILES

__________________________
Chief Clerk

22:31:00
HM 34-42

RECEIVED
MAY 13 2020
OKLAHOMA SECRETARY
OF STATE
TO THE HONORABLE SPEAKER OF THE HOUSE
AND MEMBERS OF THE OKLAHOMA HOUSE OF REPRESENTATIVES
SECOND REGULAR SESSION OF THE
FIFTY SEVENTH OKLAHOMA LEGISLATURE

ENROLLED HOUSE BILL NO. 2742:

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have vetoed House Bill 2742.

House Bill 2742 would re-direct a percentage of revenue appropriated to the Oklahoma Firefighters Pension and Retirement Fund, Police Pension and Retirement System, and Law Enforcement Retirement Fund (the “Systems”) in FY 2021. In addition, it appears the legislature bypassed its own statutory procedural requirements by failing to obtain an actuarial analysis of this bill.

While I understand the importance of a balanced budget, it is improper to do so at the expense of the solvency of the Systems, which have been greatly improved through the legislature’s commitment to fiscally conservative policies. It is important we do not go backwards on the meaningful gains we have made. House Bill 2742 increases the unfunded actuarial accrued liability, which was last reported as $6,529,854,740.

Further, the redirection of monies necessary to pay tomorrow’s obligations to fulfill the desires of today may negatively impact the state’s bond rating, which would inflict long term damage.

For the aforementioned reasons, I have vetoed House Bill 2742.

BY THE GOVERNOR OF THE STATE OF OKLAHOMA

[Signature]

By

Date/Time 5/13/20 2:54 p.m.

RECEIVED

MAY 13 2020
OKLAHOMA SECRETARY
OF STATE

[Signature] 2:58 p.m.