

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

HOUSE BILL 1808

By: Banz

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-105, as amended by Section 2, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2014, Section 17-105), which relates to retirement and other benefits; modifying amount payable in the event of death; amending 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2014, Section 713), which relates to the apportionment of certain lottery revenues; modifying apportionment of revenues; providing for apportionment of revenues in excess of specified amount to the Teachers' Retirement System of Oklahoma to offset certain liability amount; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-105, as amended by Section 2, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2014, Section 17-105), is amended to read as follows:

Section 17-105. (1) (a) Any member who has attained age fifty-five (55) or who has completed thirty (30) years of creditable service, as defined in Section 17-101 of this title, or for any person who initially became a member prior to July 1, 1992,

1 regardless of whether there were breaks in service after July 1,
2 1992, whose age and number of years of creditable service total
3 eighty (80) may be retired upon executing a retirement contract.
4 Such a retirement date will also apply to any person who became a
5 member of the sending system as defined in this act, prior to July
6 1, 1992, regardless of whether there were breaks in service after
7 July 1, 1992. Any person who became a member after June 30, 1992,
8 but prior to November 1, 2011, whose age and number of years of
9 creditable service total ninety (90) may be retired upon executing a
10 retirement contract. Any person who becomes a member on or after
11 November 1, 2011, who attains the age of sixty-five (65) years or
12 who reaches a normal retirement date pursuant to subparagraph (d) of
13 paragraph (24) of Section 17-101 of this title having attained a
14 minimum age of sixty (60) years may be retired upon executing a
15 retirement contract. The application shall be filed on the form
16 provided by the Board of Trustees for this purpose, not less than
17 thirty (30) days before the date of retirement.

18 (b) An individual who becomes a member of the Teachers'
19 Retirement System after July 1, 1967, shall be employed by the
20 public schools, state colleges or universities of Oklahoma for a
21 minimum of five (5) years and be a contributing member of the
22 Teachers' Retirement System of Oklahoma for a minimum of five (5)
23 years to qualify for monthly retirement benefits from the Teachers'
24 Retirement System of Oklahoma.

1 (c) Any member with five (5) or more years of Oklahoma teaching
2 service and whose accumulated contributions during such period have
3 not been withdrawn shall be given an indefinite extension of
4 membership beginning with the sixth year following his or her last
5 contributing membership and shall become eligible to apply for
6 retirement and be retired upon attaining age fifty-five (55).

7 (2) An unclassified optional member who has retired or who
8 retires at sixty-two (62) years of age or older or whose retirement
9 is because of disability shall have his or her minimum retirement
10 benefits calculated on an average salary of Five Thousand Three
11 Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance
12 would result, an amount arrived at pursuant to application of the
13 formula prescribed herein.

14 (3) No member shall receive a lesser retirement benefit than he
15 or she would have received under the law in effect at the time he or
16 she retired. Any individual under the Teachers' Retirement System,
17 who through error in stating the title of the position which he or
18 she held, may, at the discretion of the Board of Trustees, be
19 changed from the nonclassified optional group to the classified
20 group for the purpose of calculating retirement benefits.

21 Any individual regardless of residence, who has a minimum of ten
22 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or
23 who taught in Oklahoma schools prior to 1934 and thereafter taught a
24 minimum of ten (10) years and who does not qualify under the present

1 retirement System, or who has a minimum of thirty (30) years of
2 teaching in Oklahoma schools and has reached seventy (70) years of
3 age prior to July 1, 1984, and is not otherwise eligible to receive
4 any benefits from the retirement system shall receive a minimum of
5 One Hundred Fifty Dollars (\$150.00) per month in retirement benefits
6 from the Teachers' Retirement System of Oklahoma plus any general
7 increase in benefits for annuitants as may be provided hereafter by
8 the Legislature. Each individual must apply to the Teachers'
9 Retirement System for such benefit and provide evidence to the
10 Teachers' Retirement System that the service was actually rendered.
11 The surviving spouse of any person who made application for the
12 benefit provided for by this paragraph during his or her lifetime
13 but did not receive said benefit may submit an application to the
14 System for payment of said benefit for those months during the
15 lifetime of the deceased person that he or she was eligible for but
16 did not receive the benefit. Upon approval of the application by
17 the Board of Trustees, the benefit shall be paid to the surviving
18 spouse in one lump sum.

19 (4) The value of each year of prior service is the total
20 monthly retirement benefit divided by the number of years of
21 creditable service.

22 (5) Upon application of a member who is actively engaged in
23 teaching in Oklahoma or his or her employer, any member who has been
24 a contributing member for ten (10) years may be retired by the Board

1 of Trustees subsequent to the execution and filing thereof, on a
2 disability retirement allowance, provided that it is found by the
3 Board of Trustees after medical examination of such member by a duly
4 qualified physician that such member is mentally or physically
5 incapacitated for further performance of duty, that such incapacity
6 is likely to be permanent, and that such member should be retired.
7 The Board of Trustees shall give due consideration to the
8 conclusions and recommendations in the certified written report of
9 the Medical Board of the Teachers' Retirement System regarding the
10 disability application of such member. If a member is determined to
11 be eligible for disability benefits pursuant to the Social Security
12 System, then such determination shall entitle the member to the
13 authorized disability retirement allowance provided by law. For
14 members who are not eligible for disability benefits pursuant to the
15 Social Security System, the Board of Trustees shall apply the same
16 standard for which provision is made in the first two sentences of
17 this subsection for determining the eligibility of a person for such
18 disability benefits in making a determination of eligibility for
19 disability benefits as authorized by this subsection.

20 (6) (a) A member who at the time of retirement has been found
21 to be permanently physically or mentally incapacitated to teach
22 school shall receive a minimum monthly retirement payment for life
23 or until such time as the member may be found to be recovered to the
24 point where he or she may return to teaching. Any member retired

1 before July 1, 1992, shall be eligible to receive the monthly
2 retirement allowance herein provided, but such payment shall not
3 begin until the first payment due him or her after July 1, 1992, and
4 shall not be retroactive. The Board of Trustees is empowered to
5 make such rules and regulations as it considers proper to preserve
6 equity in retirements under this provision, which shall include a
7 provision to protect the rights of the member's spouse.

8 (b) A member who has qualified for retirement benefits under
9 disability retirement shall have the total monthly payment deducted
10 from his or her accumulated contributions plus interest earned and
11 any money remaining in the member's account after the above
12 deductions at the death of the member shall be paid in a lump sum to
13 the beneficiary or to the estate of the member. Provided, if the
14 deceased disabled member had thirty (30) years or more of creditable
15 service and the death occurred after June 30, 1981, and death
16 occurred prior to the disabled member receiving twelve monthly
17 retirement payments, a surviving spouse may elect to receive the
18 retirement benefit to which the deceased member would have been
19 entitled at the time of death under the Option 2 Plan of Retirement
20 provided for in subsection (8) of this section in lieu of the death
21 benefit provided for in this subsection and in subsection (12) of
22 this section.

23 (c) Once each year the Board of Trustees may require any
24 disabled annuitant who has not yet attained the age of sixty (60)

1 years to undergo a medical examination, such examination to be made
2 at the place of residence for said disabled annuitant or other place
3 mutually agreed upon by a physician or physicians designated by the
4 Board of Trustees. Should any disabled annuitant who has not yet
5 attained the age of sixty (60) years refuse to submit to at least
6 one medical examination in any such year by a physician or
7 physicians designated by the Board of Trustees his or her allowance
8 may be discontinued until he or she submits to such examination.

9 (d) Should the Medical Board report and certify to the Board of
10 Trustees that such disabled annuitant is engaged in or is able to
11 engage in a gainful occupation paying more than the difference
12 between his or her retirement allowance and the average final
13 compensation, and should the Board of Trustees concur in such report
14 then the amount of his or her pension shall be reduced to an amount
15 which, together with his or her retirement allowance and that amount
16 earnable by him or her, shall equal the amount of his or her average
17 final compensation. Should his or her earning capacity be later
18 increased, the amount of his or her pension may be further modified,
19 provided the new pension shall not exceed that amount of the pension
20 originally granted nor an amount, which when added to the amount
21 earnable by the member, together with his or her annuity, equals the
22 amount of his or her average final compensation.

23 (e) Should a disabled annuitant be restored to active service,
24 his or her disability retirement allowance shall cease and he or she

1 shall again become a member of the Teachers' Retirement System and
2 shall make regular contributions as required under this article.

3 The unused portion of his or her accumulated contributions shall be
4 reestablished to his or her credit in the Teachers' Savings Fund.

5 Any such prior service certificates on the basis of which his or her
6 service was computed at the time of his or her retirement shall be
7 restored to full force and effect.

8 (7) Should a member before retirement under Section 1-101 et
9 seq. of this title make application for withdrawal duly filed with
10 the Board of Trustees and approved by it, not earlier than four (4)
11 months after the date of termination of such service as a teacher,
12 the contribution standing to the credit of his or her individual
13 account in the Teachers' Savings Fund shall be paid to him or her
14 or, in the event of his or her death before retirement, shall be
15 paid to such person or persons as he or she shall have nominated by
16 written designation, duly executed and filed with the Board of
17 Trustees; provided, however, if there be no designated beneficiary
18 surviving upon such death, such contributions shall be paid to his
19 or her administrators, executors, or assigns, together with interest
20 as hereinafter provided. In lieu of a lump-sum settlement at the
21 death of the member, the amount of money the member has on deposit
22 in the Teachers' Savings Fund and the money the member has on
23 deposit in the Teachers' Deposit Fund may be paid in monthly
24 payments to a designated beneficiary, who must be the spouse, under

1 the Maximum or Option 1 Plan of Retirement providing the monthly
2 payment shall be not less than Twenty-five Dollars (\$25.00) per
3 month. The monthly payment shall be the actuarial equivalent of the
4 amount becoming due at the member's death based on the sex of the
5 spouse and the age the spouse has attained at the last birthday
6 prior to the member's death. Provided further, if there be no
7 designated beneficiary surviving upon such death, and the
8 contributions standing to the credit of such member do not exceed
9 Two Hundred Dollars (\$200.00), no part of such contributions shall
10 be subject to the payment of any expense of the last illness or
11 funeral of the deceased member or any expense of administration of
12 the estate of such deceased and the Board of Trustees, upon
13 satisfactory proof of the death of such member and of the name or
14 names of the person or persons who would be entitled to receive such
15 contributions under the laws of descent and distribution of the
16 state, may authorize the payment of accumulated contributions to
17 such person or persons. A member terminating his or her membership
18 by withdrawal after June 30, 2003, shall have the interest computed
19 at a rate of interest determined by the Board of Trustees and paid
20 to him or her subject to the following schedule:

21 (a) If termination occurs within sixteen (16) years from the
22 date membership began, fifty percent (50%) of such interest
23 accumulations shall be paid.

1 (b) With at least sixteen (16) but less than twenty-one (21)
2 years of membership, sixty percent (60%) of such interest
3 accumulations shall be paid.

4 (c) With at least twenty-one (21) but less than twenty-six (26)
5 years of membership, seventy-five percent (75%) of such interest
6 accumulations shall be paid.

7 (d) With at least twenty-six (26) years of membership, ninety
8 percent (90%) of such interest accumulations shall be paid.

9 In case of death of an active member, the interest shall be
10 calculated and restored to the member's account and paid to his or
11 her beneficiary.

12 (8) (a) In lieu of his or her retirement allowance payable
13 throughout life for such an amount as determined under this section,
14 the member may select a retirement allowance for a reduced amount
15 payable under any of the following options the present value of
16 which is the actuarial equivalent thereof.

17 (b) A member may select the option under which he or she
18 desires to retire at the end of the school year in which he or she
19 attains age seventy (70) and said option shall be binding and cannot
20 be changed. Provided further that if a member retires before age
21 seventy (70), no election of an option shall be effective in case an
22 annuitant dies before the first payment due under such option has
23 been received.

1 (c) The first payment of any benefit selected shall be made on
2 the first day of the month following approval of the retirement by
3 the Board of Trustees. If the named designated beneficiary under
4 Option 2 or 3 dies at any time after the member's retirement date,
5 but before the death of the member, the member shall return to the
6 retirement benefit, including any post retirement benefit increases
7 the member would have received had the member not selected Option 2
8 or 3 of this subsection. The benefit shall be determined at the
9 date of death of the designated beneficiary or July 1, 1994,
10 whichever is later. This increase shall become effective the first
11 day of the month following the date of death of the designated
12 beneficiary or July 1, 1994, whichever is later, and shall be
13 payable for the member's remaining lifetime. The member shall
14 notify the Teachers' Retirement System of Oklahoma of the death of
15 the designated beneficiary in writing. In the absence of said
16 written notice being filed by the member notifying the Teachers'
17 Retirement System of Oklahoma of the death of the designated
18 beneficiary within six (6) months of the date of death, nothing in
19 this subsection shall require the Teachers' Retirement System of
20 Oklahoma to pay more than six (6) months of retrospective benefits
21 increase.

22 Option 1. If he or she dies before he or she has received in
23 annuity payments the present value of his or her annuity as it was
24 at the time of his or her retirement, the balance shall be paid to

1 his or her legal representatives or to such person as he or she
2 shall nominate by written designation duly acknowledged and filed
3 with the Board of Trustees at the time of his or her retirement; or

4 Option 2. A member takes a reduced retirement allowance for
5 life. Upon the death of the member the payments shall continue to
6 the member's designated beneficiary for the life of the beneficiary.
7 The written designation of the beneficiary must be duly acknowledged
8 and filed with the Board of Trustees at the time of the member's
9 retirement and, except as provided in paragraph (e) of this
10 subsection, cannot be changed after the effective date of the
11 member's retirement; or

12 Option 3. A member receives a reduced retirement allowance for
13 life. Upon the death of the member one-half (1/2) of the retirement
14 allowance paid the member shall be continued throughout the life of
15 the designated beneficiary. A written designation of a beneficiary
16 must be duly acknowledged and filed with the Board of Trustees at
17 the time of the member's retirement and, except as provided in
18 paragraph (e) of this subsection, cannot be changed after the
19 effective date of the member's retirement; or

20 Option 4. Some other benefit or benefits shall be paid either
21 to the member or to such person or persons as he or she shall
22 nominate, provided such other benefit or benefits, together with the
23 reduced retirement allowance, shall be certified by the actuary to
24

1 be of equivalent actuarial value to his or her retirement allowance
2 and shall be approved by the Board of Trustees.

3 (d) Provided that Option 2 and Option 3 shall not be available
4 if the member's expected benefit is less than fifty percent (50%) of
5 the lump-sum actuarial equivalent and the designated beneficiary is
6 not the spouse of the member.

7 (e) A member who chose the maximum retirement benefit plan at
8 the time of retirement may make a one-time election to choose either
9 Option 2 or 3 and name the member's spouse as designated beneficiary
10 if the member marries after making the initial election. Such an
11 election shall be made by July 1, 2011, or within one (1) year of
12 the date of marriage, whichever is later. The member shall provide
13 proof of a member's good health before the Board of Trustees will
14 permit a change to either Option 2 or 3 and the naming of a
15 designated beneficiary. A medical examination conducted by a
16 licensed physician is required for purposes of determining good
17 health. Such examination must be approved by the Medical Board.
18 The member shall be required to provide proof of age for the new
19 beneficiary. The Board of Trustees shall adjust the monthly benefit
20 to the actuarially equivalent amount based on the new designated
21 beneficiary's age. The Board of Trustees shall promulgate rules to
22 implement the provisions of this subsection.

23 (f) A member who retires after the effective date of this act
24 and has selected a retirement allowance for a reduced amount payable

1 under one of the options provided for in this subsection may make a
2 one-time irrevocable election to select a different option within
3 sixty (60) days of the member's retirement date. The beneficiary
4 designated by the member at the time of retirement shall not be
5 changed if the member makes the election provided for in this
6 paragraph.

7 (9) The governing board of any "public school", as that term is
8 defined in Section 17-101 of this title, is hereby authorized and
9 empowered to pay additional retirement allowances or compensation to
10 any person who was in the employ of such public school for not less
11 than seven (7) school years preceding the date of his or her
12 retirement. Payments so made shall be a proper charge against the
13 current appropriation or appropriations of any such public school
14 for salaries for the fiscal year in which such payments are made.
15 Such payments shall be made in regular monthly installments in such
16 amounts as the governing board of any such public school, in its
17 judgment, shall determine to be reasonable and appropriate in view
18 of the length and type of service rendered by any such person to
19 such public school by which such person was employed at the time of
20 retirement. All such additional payments shall be uniform, based
21 upon the length of service and the type of services performed, to
22 persons formerly employed by such public school who have retired or
23 been retired in accordance with the provisions of Section 1-101 et
24 seq. of this title.

1 The governing board of any such public school may adopt rules
2 and regulations of general application outlining the terms and
3 conditions under which such additional retirement benefits shall be
4 paid, and all decisions of such board shall be final.

5 (10) In addition to the teachers' retirement herein provided,
6 teachers may voluntarily avail themselves of the Federal Social
7 Security Program upon a district basis.

8 (11) Upon the death of an in-service member, the System shall
9 pay to the designated beneficiary of the member or, if there is no
10 designated beneficiary or if the designated beneficiary predeceases
11 the member, to the estate of the member, the sum of Eighteen
12 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the
13 deceased member had ten (10) years or more of creditable service and
14 the death occurred after February 1, 1985, the member's designated
15 beneficiary may elect to receive the retirement benefit to which the
16 deceased member would have been entitled at the time of death under
17 the Option 2 plan of retirement in lieu of the death benefit
18 provided for in this subsection. Provided further, the option
19 provided in this subsection is only available when the member has
20 designated one individual as the designated beneficiary. The
21 beneficiary or beneficiaries of death benefits in the amount not to
22 exceed Eighteen Thousand Dollars (\$18,000.00), but exclusive of any
23 retirement benefit received by an electing beneficiary based upon
24 creditable service performed by the deceased member, which are

1 provided pursuant to this subsection may elect to disclaim such
2 death benefits in which case such benefits will be transferred to a
3 person licensed as a funeral director or to a lawfully recognized
4 business entity licensed as required by law to provide funeral
5 services for the deceased member. The qualified disclaimer must be
6 in writing and will be an irrevocable and an unqualified refusal to
7 accept all or a portion of the death benefit. It must be received
8 by the transferor no more than nine (9) months after the later of
9 the day the transfer creating the interest in the disclaiming person
10 is made or the day the disclaiming person attains age twenty-one
11 (21). The interest in the death benefits must pass without
12 direction by the disclaiming person to another person.

13 (12) Upon the death of an annuitant who has contributed to the
14 System, the retirement system shall pay to the designated
15 beneficiary of the annuitant or, if there is no designated
16 beneficiary or if the designated beneficiary predeceases the
17 annuitant, to the estate of the annuitant, the sum of ~~Five Thousand~~
18 ~~Dollars (\$5,000.00)~~ Five Thousand Five Hundred Dollars (\$5,500.00)
19 as a death benefit. The beneficiary or beneficiaries of benefits
20 provided pursuant to this subsection may elect to disclaim such
21 death benefits in which case such benefits will be transferred to a
22 person licensed as a funeral director or to a lawfully recognized
23 business entity licensed as required by law to provide funeral
24 services for the deceased member. The qualified disclaimer must be

1 in writing and will be an irrevocable and an unqualified refusal to
2 accept all or a portion of the death benefit. It must be received
3 by the transferor no more than nine (9) months after the later of
4 the day the transfer creating the interest in the disclaiming person
5 is made or the day the disclaiming person attains age twenty-one
6 (21). The interest in the death benefits must pass without
7 direction by the disclaiming person to another person. The benefit
8 payable pursuant to this subsection shall be deemed, for purposes of
9 federal income taxation, as life insurance proceeds and not as a
10 death benefit if the Internal Revenue Service approves this
11 provision pursuant to a private letter ruling request which shall be
12 submitted by the board of trustees of the System for that purpose.

13 (13) Upon the death of a member who dies leaving no living
14 beneficiary or having designated his or her estate as beneficiary,
15 the System may pay any applicable death benefit, unpaid
16 contributions, or unpaid benefit which may be subject to probate, in
17 an amount of Five Thousand Dollars (\$5,000.00) or less, without the
18 intervention of the probate court or probate procedure pursuant to
19 Section 1 et seq. of Title 58 of the Oklahoma Statutes.

20 (a) Before any applicable probate procedure may be waived, the
21 System must be in receipt of the member's proof of death and the
22 following documents from those persons claiming to be the legal
23 heirs of the deceased member:

- 24 1. The member's valid last will and testament;

- 1 2. An affidavit or affidavits of heirship which must
2 state:
- 3 a. the names and signatures of all claiming heirs to the
4 deceased member's estate including the claiming heirs'
5 names, relationship to the deceased, current addresses
6 and current telephone numbers,
- 7 b. a statement or statements by the claiming heirs that
8 no application or petition for the appointment of a
9 personal representative is pending or has been granted
10 in any jurisdiction,
- 11 c. a statement that the value of the deceased member's
12 entire estate is subject to probate, and that the
13 estate wherever located, less liens and encumbrances,
14 does not exceed Five Thousand Dollars (\$5,000.00),
15 including the payment of benefits or unpaid
16 contributions from the System as authorized by this
17 subsection,
- 18 d. a description of the personal property claimed, (i.e.,
19 death benefit or unpaid contributions or both)
20 together with a statement that such personal property
21 is subject to probate,
- 22 e. a statement by each individual claiming heir
23 identifying the amount of personal property that the
24 heir is claiming from the System, and that the heir

1 has been notified of, is aware of and consents to the
2 identified claims of all the other claiming heirs of
3 the deceased member pending with the System;

4 3. A written agreement or agreements signed by all
5 claiming heirs of the deceased member which provides
6 that the claiming heirs release, discharge and hold
7 harmless the System from any and all liability,
8 obligations and costs which it may incur as a result
9 of making a payment to any of the deceased member's
10 heirs;

11 4. A corroborating affidavit from an individual other
12 than a claiming heir, who was familiar with the
13 affairs of the deceased member;

14 5. Proof that all debts of the deceased member, including
15 payment of last sickness, hospital, medical, death,
16 funeral and burial expenses have been paid or provided
17 for.

18 (b) The Executive Director of the System shall retain complete
19 discretion in determining which requests for probate waiver may be
20 granted or denied, for any reason. Should the System have any
21 question as to the validity of any document presented by the
22 claiming heirs, or as to any statement or assertion contained
23 therein, the probate requirement provided for in Section 1 et seq.
24 of Title 58 of the Oklahoma Statutes, shall not be waived.

1 (c) After paying any death benefits or unpaid contributions to
2 any claiming heirs as provided pursuant to this subsection, the
3 System is discharged and released from any and all liability,
4 obligation and costs to the same extent as if the System had dealt
5 with a personal representative of the deceased member. The System
6 is not required to inquire into the truth of any matter specified in
7 this subsection or into the payment of any estate tax liability.

8 (14) Upon the death of a retired member, the benefit payment
9 for the month in which the retired member died, if not previously
10 paid, shall be made to the beneficiary of the member or to the
11 member's estate if there is no beneficiary. Such benefit payment
12 shall be made in an amount equal to a full monthly benefit payment
13 regardless of the day of the month in which the retired member died.

14 SECTION 2. AMENDATORY 3A O.S. 2011, Section 713, as
15 amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2014,
16 Section 713), is amended to read as follows:

17 Section 713. A. All gross proceeds shall be the property of
18 the Oklahoma Lottery Commission. From its gross proceeds, the
19 Commission shall pay the operating expenses of the Commission. At
20 least forty-five percent (45%) of gross proceeds shall be made
21 available as prize money. However, the provisions of this
22 subsection shall be deemed not to create any lien, entitlement,
23 cause of action, or other private right, and any rights of holders
24 of tickets or shares shall be determined by the Commission in

1 setting the terms of its lottery or lotteries. For each fiscal
2 year, net proceeds shall equal at least thirty-five percent (35%) of
3 the gross proceeds. However, for the purpose of repaying
4 indebtedness issued pursuant to Section 732 of this title, for the
5 first two (2) full fiscal years and any partial first fiscal year of
6 the Commission, net proceeds need only equal at least thirty percent
7 (30%) of the gross proceeds. All of the net proceeds shall be
8 transferred to the Oklahoma Education Lottery Trust Fund as provided
9 in subsection B of this section.

10 B. There is hereby created in the State Treasury a fund to be
11 designated the "Oklahoma Education Lottery Trust Fund". Except as
12 otherwise provided in subsections H and I of this section, on or
13 before the fifteenth day of each calendar quarter, the Commission
14 shall transfer to the State Treasurer, for credit to the Oklahoma
15 Education Lottery Trust Fund, the amount of all net proceeds
16 accruing during the preceding calendar quarter. Expenditures from
17 the fund shall be made upon warrants issued by the State Treasurer
18 against claims filed as prescribed by law with the Director of the
19 Office of Management and Enterprise Services for approval and
20 payment.

21 Upon their deposit into the State Treasury, any monies
22 representing a deposit of net proceeds shall then become the
23 unencumbered property of this state, and neither the Commission nor
24 the board of trustees shall have the power to agree or undertake

1 otherwise. The monies shall be invested by the State Treasurer in
2 accordance with state investment practices. All earnings
3 attributable to such investments shall likewise be the unencumbered
4 property of the state and shall accrue to the credit of the fund.

5 C. Monies in the Oklahoma Education Lottery Trust Fund shall
6 only be appropriated as follows:

7 1. Forty-five percent (45%) for the following:

- 8 a. kindergarten through twelfth grade public education,
9 including but not limited to compensation and benefits
10 for public school teachers and support employees, and
11 b. early childhood development programs, which shall
12 include but not be limited to costs associated with
13 prekindergarten and full-day kindergarten programs;

14 2. Forty-five percent (45%) for the following:

- 15 a. tuition grants, loans and scholarships to citizens of
16 this state to enable such citizens to attend colleges
17 and universities located within this state, regardless
18 of whether such colleges and universities are owned or
19 operated by the Oklahoma State Regents for Higher
20 Education, or to attend institutions operated under
21 the authority of the Oklahoma Department of Career and
22 Technology Education; provided such tuition grants,
23 loans and scholarships shall not be made to a citizen
24 of this state to attend a college or university which

1 is not accredited by the Oklahoma State Regents for
2 Higher Education,

3 b. construction of educational facilities for elementary
4 school districts, independent school districts, the
5 Oklahoma State System of Higher Education, and career
6 and technology education,

7 c. capital outlay projects for elementary school
8 districts, independent school districts, the Oklahoma
9 State System of Higher Education, and career and
10 technology education,

11 d. technology for public elementary school district,
12 independent school district, state higher education,
13 and career and technology education facilities, which
14 shall include but not be limited to costs of providing
15 to teachers at accredited public institutions who
16 teach levels kindergarten through twelfth grade,
17 personnel at technology centers under the authority of
18 the Oklahoma State Department of Career and Technology
19 Education, and professors and instructors within the
20 Oklahoma State System of Higher Education, the
21 necessary training in the use and application of
22 computers and advanced electronic instructional
23 technology to implement interactive learning
24 environments in the classroom and to access the state-

1 wide distance learning network and costs associated
2 with repairing and maintaining advanced electronic
3 instructional technology,

4 e. endowed chairs for professors at institutions of
5 higher education operated by the Oklahoma State System
6 of Higher Education, and

7 f. programs and personnel of the Oklahoma School for the
8 Deaf and the Oklahoma School for the Blind;

9 3. Five percent (5%) to the School Consolidation and Assistance
10 Fund. When the total amount in the School Consolidation and
11 Assistance Fund from all sources equals Five Million Dollars
12 (\$5,000,000.00), all monies appropriated pursuant to this paragraph
13 which would otherwise be deposited in the School Consolidation and
14 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)
15 shall be ~~allocated by the State Department of Education to public~~
16 ~~schools based on the audited end-of-year average daily membership in~~
17 ~~grades 8 through 12 during the preceding school year for the purpose~~
18 ~~of purchasing technology equipment in order to conduct on-line~~
19 ~~testing as required by the Achieving Classroom Excellence Act of~~
20 2005 transferred to the Teachers' Retirement System of Oklahoma in
21 order to offset any liabilities associated with the increase in the
22 death benefit amount as authorized pursuant to Section 1 of this
23 act. If at any time the total amount in the School Consolidation
24 and Assistance Fund drops below Five Million Dollars

1 (\$5,000,000.00), the monies appropriated pursuant to this paragraph
2 shall be deposited in the School Consolidation and Assistance Fund
3 until the Fund again reaches Five Million Dollars (\$5,000,000; and

4 4. Five percent (5%) to the Teachers' Retirement System
5 Dedicated Revenue Revolving Fund.

6 D. The Legislature shall appropriate funds from the Oklahoma
7 Education Lottery Trust Fund only for the purposes specified in
8 subsection C of this section. Even when funds from the trust fund
9 are used for these purposes, the Legislature shall not use funds
10 from the trust fund to supplant or replace other state funds
11 supporting common education, higher education, or career and
12 technology education.

13 E. In order to ensure that the funds from the trust fund are
14 used to enhance and not supplant funding for education, the State
15 Board of Equalization shall examine and investigate appropriations
16 from the trust fund each year. At the meeting of the State Board of
17 Equalization held within five (5) days after the monthly
18 apportionment in February of each year, the State Board of
19 Equalization shall issue a finding and report which shall state
20 whether appropriations from the trust fund were used to enhance or
21 supplant education funding. If the State Board of Equalization
22 finds that education funding was supplanted by funds from the trust
23 fund, the Board shall specify the amount by which education funding
24 was supplanted. In this event, the Legislature shall not make any

1 appropriations for the ensuing fiscal year until an appropriation in
2 that amount is made to replenish the trust fund.

3 F. Except as otherwise provided by this subsection, no
4 deficiency in the Oklahoma Education Lottery Trust Fund shall be
5 replenished by reducing any nonlottery funds, including specifically
6 but without limitation, the General Revenue Fund, the Constitutional
7 Reserve Fund or the Education Reform Revolving Fund of the State
8 Department of Education. No program or project started specifically
9 from lottery proceeds shall be continued from the General Revenue
10 Fund, the Constitutional Reserve Fund or the Education Reform
11 Revolving Fund of the State Department of Education. Such programs
12 must be adjusted or discontinued according to available lottery
13 proceeds unless the Legislature by general law establishes
14 eligibility requirements and appropriates specific funds therefor.
15 No surplus in the Oklahoma Education Lottery Trust Fund shall be
16 reduced or transferred to correct any nonlottery deficiencies in
17 sums available for general appropriations. The provisions of this
18 subsection shall not apply to bonds or other obligations issued
19 pursuant to or to the repayment of bonds or other obligations issued
20 pursuant to the Oklahoma Higher Education Promise of Excellence Act
21 of 2005.

22 G. There is hereby created in the State Treasury a revolving
23 fund to be designated the "Oklahoma Education Lottery Revolving
24 Fund". The fund shall be a continuing fund, not subject to fiscal

1 year limitations, and shall consist of all monies received by the
2 Commission. The Commission shall make payments of net proceeds from
3 the fund to the Oklahoma Education Lottery Trust Fund on or before
4 the fifteenth day of each calendar quarter as provided in subsection
5 B of this section. All monies accruing to the credit of the
6 Oklahoma Education Lottery Revolving Fund are hereby appropriated
7 and may be budgeted and expended for the payment of net proceeds,
8 prizes, commissions to retailers, administrative expenses and all
9 other expenses arising out of the operation of the education
10 lottery, subject to the limitations provided in the Oklahoma
11 Education Lottery Act. Expenditures from the fund shall be made
12 upon warrants issued by the State Treasurer against claims filed as
13 prescribed by law with the Director of the Office of Management and
14 Enterprise Services for approval and payment.

15 The monies in the fund shall be invested by the State Treasurer
16 in accordance with state investment practices. All earnings
17 attributable to such investments shall likewise accrue to the credit
18 of the fund.

19 H. When appropriations from the Oklahoma Education Lottery
20 Trust Fund are made to common education pursuant to the provisions
21 of paragraph 1 of subsection C of this section, the appropriations
22 shall be made available on a monthly basis. In addition to the
23 provisions of subsection B of this section, the following process
24

1 shall be used to insure that the appropriations are made available
2 to common education in a timely manner:

3 1. Beginning in July of the fiscal year in which appropriations
4 are made to common education from the Oklahoma Education Lottery
5 Trust Fund, the Commission, on or before the ninth day of each
6 month, shall transfer to the State Treasurer, for credit to the
7 Oklahoma Education Lottery Trust Fund, the amount of net proceeds
8 accruing during the preceding month equal to the amount of total
9 monthly collections due to common education as required by paragraph
10 1 of subsection C of this section;

11 2. The Director of the Office of Management and Enterprise
12 Services shall allocate the transfers provided for in paragraph 1 of
13 this subsection to the State Department of Education on a monthly
14 basis, not to exceed one-twelfth (1/12) of the annual apportionment
15 for the fiscal year; and

16 3. The total amount of transfers to the Oklahoma Education
17 Lottery Trust Fund of net lottery proceeds made pursuant to this
18 subsection shall not exceed the total appropriations made to common
19 education from the Oklahoma Education Lottery Trust Fund for the
20 specific fiscal year.

21 I. When appropriations from the Oklahoma Education Lottery
22 Trust Fund are made to The Oklahoma State System of Higher
23 Education, the appropriations shall be made available to the System
24 on a monthly basis. In addition to the provisions of subsection B

1 of this section, the following process shall be used to ensure that
2 the appropriations are made available to The Oklahoma State System
3 of Higher Education in a timely manner:

4 1. Beginning in July of the fiscal year in which appropriations
5 are made to The Oklahoma State System of Higher Education from the
6 Oklahoma Education Lottery Trust Fund, the Commission, on or before
7 the ninth day of each month, shall transfer to the State Treasurer,
8 for credit to the Oklahoma Education Lottery Trust Fund, the amount
9 of net proceeds accruing during the preceding month equal to the
10 amount of total monthly collections due to the Oklahoma State
11 Regents for Higher Education as required by paragraph 2 of
12 subsection C of this section;

13 2. The Director of the Office of Management and Enterprise
14 Services shall allocate the transfers provided for in paragraph 1 of
15 this subsection to the Oklahoma State Regents for Higher Education
16 on a monthly basis, not to exceed one-twelfth (1/12) of the annual
17 apportionment for the fiscal year; and

18 3. The total amount of transfers to the Oklahoma Education
19 Lottery Trust Fund of net lottery proceeds made pursuant to this
20 subsection shall not exceed the total appropriations made to The
21 Oklahoma State System for Higher Education from the Oklahoma
22 Education Lottery Trust Fund for the specific fiscal year.

23 SECTION 3. This act shall become effective July 1, 2015.

24

1 SECTION 4. It being immediately necessary for the preservation
2 of the public peace, health and safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.

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January 21, 2015

Representative G. Banz
Room 521B

Re: RBH No. 5768

RBH No. 5768 would increase the death benefit for retired teachers by \$500. It would transfer proceeds from the lottery in excess of \$5,000,000 to OTRS to offset the increase in liability.

RBH No. 5768 is a retirement bill having a fiscal impact as defined by the Oklahoma Pension Legislation Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA