

An Act

ENROLLED HOUSE
BILL NO. 2793

By: Bengé and Jones of the
House

and

Johnson (Mike), Burrage and
Crain of the Senate

An Act relating to tax-sheltered annuity accounts; amending 70 O.S. 2001, Section 6-101.1, which relates to certain annuity contracts; modifying references to federal Internal Revenue Code; modifying terminology; providing for continuation of certain elective deferrals; requiring elective deferral amounts to be made to certain entities; authorizing revocation of approval; providing for cessation of contributions or payments; providing for renewed eligibility; requiring approval of certain entities by entities within The Oklahoma State System of Higher Education; authorizing revocation of approval; providing for cessation of contributions or payments; providing for renewed eligibility; 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. 2001, Section 6-101.1, is amended to read as follows:

Section 6-101.1 A. A part of the salary, not to exceed the ~~exclusion allowance~~ limitations on deferrals provided in Section 403(b)(2) of the Internal Revenue Code of 1986, as amended, payable to a teacher or ~~any full-time~~ employee by a school district may, at the ~~request~~ election of the such teacher or ~~such full-time~~ employee, be ~~paid by the purchase of~~ deferred for the investment in an annuity contract from any insurance company authorized to do business in

Oklahoma or by the ~~purchase of~~ investment in shares of regulated investment companies to be held in a custodial account as authorized by Section 403(b)(7) of the Internal Revenue Code of 1954 1986, as amended, or by the purchase of investment in a face amount investment annuity certificate issued by a company authorized to do business in Oklahoma by the district for the teacher or full-time employee, provided that such teacher or employee is eligible to defer a portion of their salary under the terms of the school district's 403(b) plan; and the teacher or full-time employee shall be entitled to have such annuity contract, custodial account or face amount investment annuity certificate continued in force in succeeding years by such school district or any other school district subsequently employing the teacher. Provided, that such amounts contributed or paid by a school district must be made to vendors approved by such school district as eligible to receive the elective deferrals. Provided further, that a school district may revoke a previously approved vendor's eligibility to receive elective deferrals, thereby prohibiting future contributions or payments to such vendor until it regains its eligibility through subsequent approval from such school district. The amounts so contributed or paid by the school district for the annuity contract, custodial account or face amount investment annuity certificate, or to continue it in force, shall be considered as payment of salary, for the same amounts, to the teacher or full-time employee for State Aid purposes, Teachers' Retirement System purposes, or Social Security purposes, but not for ~~State Income Tax~~ state income tax purposes. Provided that the amount received under such annuity contracts, custodial accounts or face amount investment annuity certificates shall be income subject to state income tax when actually received, unless otherwise exempt from income tax. ~~Provided, further, that any teacher desiring to be covered by the provisions of this act shall express his or her wishes in writing to the local board of education of the district, not later than ten (10) days prior to the end of any pay period of the school year.~~

B. The provisions of subsection A of this section shall also apply to ~~all~~ employees of institutions, agencies and boards comprising The Oklahoma State System of Higher Education who are eligible to defer a portion of their salary under the terms of such institution, agency or board's 403(b) plan. Such institutions, agencies and boards may purchase annuity contracts, custodial accounts or face amount investment annuity certificates from vendors approved by such institution, agency or board as eligible to receive such contributions or payments, provided that such vendor is:

1. ~~Any~~ An insurance company authorized to do business in Oklahoma, ~~or~~ i

2. ~~Any~~ A life insurance or annuity company organized and operated, without profit to any private shareholder or individual, exclusively for the purpose of aiding and strengthening educational institutions by issuing insurance and annuity contracts only to or for the benefit of such institutions and individuals engaged in the services of such institutions ~~;~~ r or

3. ~~Any~~ A broker dealer licensed to sell shares of regulated investment companies to be held in custodial accounts as authorized by Section 403(b) (7) of the Internal Revenue Code of ~~1954~~ 1986, as amended.

Provided further, that an institution, agency or board may revoke a previously approved vendor's eligibility to receive elective deferrals, thereby prohibiting future contributions or payments to such vendor until it regains its eligibility through subsequent approval from such institution, agency or board.

SECTION 2. This act shall become effective July 1, 2008.

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

Passed the House of Representatives the 20th day of May, 2008.

David Derby

Presiding Officer of the House of Representatives

Passed the Senate the 21st day of May, 2008.

Rand Brogden

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Governor this 22nd
day of May, 2008,
at 3:55 o'clock P M.

By: *[Signature]*

Approved by the Governor of the State of Oklahoma the 2nd day of
June, 2008, at 6:10 o'clock P M.

Brenda Perry
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this _____
4th day of June, 2008,
at 1:40 o'clock P M.

By: *M. Susan Lewis*