

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 2742

By: Wallace and Hilbert of the
House

6 and

7 Thompson and Rader of the
8 Senate

9
10 COMMITTEE SUBSTITUTE

11 An Act relating to insurance premium tax; amending 36
12 O.S. 2011, Section 312.1, as amended by Section 5,
13 Chapter 165, O.S.L. 2013 (36 O.S. Supp. 2019, Section
14 312.1), which relates to the apportionment of
15 collections; clarifying reference; modifying
16 apportionment amounts to certain pension systems in
17 certain fiscal years; providing apportionment to
18 certain fund; prohibiting certain reductions of
19 certain apportionments; and providing an effective
20 date.

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

22 SECTION 1. AMENDATORY 36 O.S. 2011, Section 312.1, as
23 amended by Section 5, Chapter 165, O.S.L. 2013 (36 O.S. Supp. 2019,
24 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

1 (100%) of the fees and taxes collected under Section 624 of this
2 title to the State Treasurer to be deposited to the credit of the
3 Education Reform Revolving Fund ~~created pursuant to Section 34.89 of~~
4 ~~Title 62 of the Oklahoma Statutes~~ of the State Department of
5 Education. The Insurance Commissioner shall keep an accurate record
6 of all such funds and make an itemized statement and furnish same to
7 the State Auditor and Inspector, as to all other departments of this
8 state. The report shall be accompanied by an affidavit of the
9 Insurance Commissioner or the Chief Clerk of such office certifying
10 to the correctness thereof.

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

22 1. ~~Sixty-five percent (65%)~~ The following amounts shall be paid
23 to the Oklahoma Firefighters Pension and Retirement Fund in the
24

1 manner provided for in Sections 49-119, 49-120 and 49-123 of Title
2 11 of the Oklahoma Statutes:

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

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

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2006 through FY 2020</u>	<u>26.0%</u>
<u>FY 2021 as follows:</u>	
<u>a. for the month beginning July 1,</u>	
<u>2020, through the month ending</u>	
<u>August 31, 2020</u>	<u>26.0%</u>

b.	<u>for the month beginning September</u>	
	<u>1, 2020, through the month ending</u>	
	<u>June 30, 2021</u>	<u>18.2%</u>
	<u>FY 2022</u>	<u>19.5%</u>
	<u>FY 2023 and each fiscal year thereafter</u>	<u>26.0%; and</u>

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

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2006 through FY 2020</u>	<u>9.0%</u>
<u>FY 2021 as follows:</u>	

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

b.	<u>for the month beginning September</u>	
	<u>1, 2020, through the month ending</u>	
	<u>June 30, 2021</u>	<u>6.3%</u>
	<u>FY 2022</u>	<u>6.75%</u>
	<u>FY 2023 and each fiscal year thereafter</u>	<u>9.0%; and</u>

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

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2021 as follows:</u>	

1 for the month beginning September 1,

2 2020, through the month ending June 30,

3 2021

30.0%

4 FY 2022

25.0%.

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

11 1. Thirty-four percent (34%) of the taxes collected on premiums
12 shall be allocated and disbursed for the Oklahoma Firefighters
13 Pension and Retirement Fund, in the manner provided for in Sections
14 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

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

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

22 4. All the balance and remainder of the taxes and fees provided
23 in Section 624 of this title shall be paid to the State Treasurer to
24 the credit of the General Revenue Fund of the state to provide

1 revenue for general functions of state government. The Insurance
2 Commissioner shall keep an accurate record of all such funds and
3 make an itemized statement and furnish same to the State Auditor and
4 Inspector, as to all other departments of this state. The report
5 shall be accompanied by an affidavit of the Insurance Commissioner
6 or the Chief Clerk of such office certifying to the correctness
7 thereof.

8 D. After the apportionment required by subsection B of this
9 section, the Insurance Commissioner shall report and disburse all of
10 the fees and taxes collected under Section 624 of this title and
11 Section 2204 of this title, and the same are hereby apportioned as
12 follows:

13 1. ~~Thirty-six percent (36%) of~~ Of the taxes collected on
14 premiums the following shall be allocated and disbursed for the
15 Oklahoma Firefighters Pension and Retirement Fund, in the manner
16 provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of
17 the Oklahoma Statutes:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2006 through FY 2020</u>	<u>36.0%</u>

20 FY 2021 as follows:

21 a. <u>for the month beginning July 1,</u>	
22 <u>2020, through the month ending</u>	
23 <u>August 31, 2020</u>	<u>36.0%</u>

24

b.	<u>for the month beginning September</u>	
	<u>1, 2020, through the month ending</u>	
	<u>June 30, 2021</u>	<u>25.2%</u>
	<u>FY 2022</u>	<u>27.0%</u>
	<u>FY 2023 through FY 2027</u>	<u>39.6%</u>
	<u>FY 2028 and each fiscal year thereafter</u>	<u>36.0%;</u>

2. ~~Fourteen percent (14%) of~~ 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:

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

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

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2006 through FY 2020</u>	<u>5.0%</u>
<u>FY 2021 as follows:</u>	
<u>a. for the month beginning July 1,</u>	
<u>2020, through the month ending</u>	
<u>August 31, 2020</u>	<u>5.0%</u>
<u>b. for the month beginning September</u>	
<u>1, 2020, through the month ending</u>	
<u>June 30, 2021</u>	<u>3.5%</u>
<u>FY 2022</u>	<u>3.75%</u>
<u>FY 2023 through FY 2027</u>	<u>5.5%</u>
<u>FY 2028 and each fiscal year thereafter</u>	<u>5.0%; and</u>

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

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2021 as follows:</u>	
<u>for the month beginning September 1,</u>	
<u>2020, through the month ending June 30,</u>	
<u>2021</u>	<u>16.5%</u>
<u>FY 2022</u>	<u>13.75%;</u>

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

5 a. Eighty-one Thousand Two Hundred Fifty Dollars
6 (\$81,250.00) to the Oklahoma Firefighters Pension and
7 Retirement Fund,

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

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

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

23 E. The disbursements provided for in subsections A, B, C and D
24 of this section shall be made monthly. The Insurance Commissioner

1 shall report annually to the Governor, the Speaker of the House of
2 Representatives, the President Pro Tempore of the Senate and the
3 State Auditor and Inspector, the amounts collected and disbursed
4 pursuant to this section.

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

13 SECTION 2. This act shall become effective September 1, 2020.

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