

1 **SENATE FLOOR VERSION**

2 April 12, 2017

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL NO. 1110

By: McDaniel and Ritze of the
House

and

Newberry of the Senate

8
9 COMMITTEE SUBSTITUTE

10 [labor - Employment Security Act of 1980 - OESC
11 Technology Fund - certain report - repealer -
12 codification - ~~effective date~~ emergency]

13
14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 40 O.S. 2011, Section 1-227, is
16 amended to read as follows:

17 Section 1-227. EXPERIENCE PERIOD. "Experience period" means:

18 ~~1. For any tax year occurring before January 1, 2007, the most~~
19 ~~recent three (3) consecutive completed calendar years occurring~~
20 ~~before the calendar year for which a tax rate is being calculated;~~
21 and

22 ~~2. For any tax year occurring after December 31, 2006, the most~~
23 recent twelve (12) consecutive completed calendar quarters occurring

1 before July 1 of the year immediately preceding the year for which
2 the employer's contribution rate is being calculated.

3 SECTION 2. AMENDATORY Section 3, Chapter 287, O.S.L.
4 2016 (40 O.S. Supp. 2016, Section 1-229), is amended to read as
5 follows:

6 Section 1-229. ASSIGNED TAX RATE AND EARNED TAX RATE. A.
7 "Assigned tax rate" means the tax rate assigned to an employer
8 pursuant to Section 3-110.1 of ~~Title 40 of the Oklahoma Statutes~~
9 this title when the employer does not have sufficient experience
10 history to meet the At-Risk Rule set out in paragraph 3 of Section
11 ~~40 3-110.1~~ of this ~~act~~ title.

12 B. "Earned tax rate" means the tax rate calculated for an
13 employer with sufficient experience history to meet the At-Risk Rule
14 set out in paragraph 3 of Section ~~40 3-110.1~~ of this ~~act~~ title, with
15 the tax rate calculated pursuant to the provisions of Part 1 of
16 Article 3 of the Employment Security Act of 1980.

17 SECTION 3. AMENDATORY 40 O.S. 2011, Section 2-104, is
18 amended to read as follows:

19 Section 2-104. COMPUTATION OF BENEFIT AMOUNT. A. The weekly
20 benefit amount of an individual shall be an amount equal to one
21 twenty-third (1/23) of the taxable wages paid to the individual
22 during that quarter of his base period in which ~~such~~ the taxable
23 wages were highest. If ~~such~~ the amount is more than the maximum
24 weekly benefit amount, it shall be reduced to the maximum weekly

1 benefit amount or if the amount is less than Sixteen Dollars
2 (\$16.00), it shall be increased to Sixteen Dollars (\$16.00).

3 B. The maximum weekly benefit amount shall be:

4 1. ~~Prior to July 1, 1984, One Hundred Eighty-five Dollars~~
5 ~~(\$185.00); and~~

6 2. ~~Beginning July 1, 1984, the greater of:~~

7 a. ~~One Hundred Ninety-seven Dollars (\$197.00), or~~

8 b. ~~(1) sixty~~ Sixty percent (60%) of the average weekly
9 wage of the second preceding calendar year during
10 any calendar year in which the balance in the
11 Unemployment Compensation Fund is in excess of
12 the amount required to initiate conditional
13 contribution rates, pursuant to the provisions of
14 Section 3-113 of this title,

15 ~~(2) fifty-seven;~~

16 2. Fifty-seven and one-half percent (57.5%) of the average
17 weekly wage of the second preceding calendar year during calendar
18 years in which condition "a", as set forth in paragraph (1) of
19 Section 3-113 of this title, exists,

20 ~~(3) fifty-five;~~

21 3. Fifty-five percent (55%) of the average weekly wage of the
22 second preceding calendar year during calendar years in which
23 condition "b", as set forth in paragraph (2) of Section 3-113 of
24 this title, exists,

1 ~~(4) fifty-two;~~

2 4. Fifty-two and one-half percent (52.5%) of the average weekly
3 wage of the second preceding calendar year during calendar years in
4 which condition "c", as set forth in paragraph (3) of Section 3-113
5 of this title, exists; and

6 ~~(5) fifty~~

7 5. Fifty percent (50%) of the average weekly wage of the second
8 preceding calendar year during calendar years in which condition
9 "d", as set forth in paragraph (4) of Section 3-113 of this title,
10 exists.

11 C. Before the last day of June of each year the Commission
12 shall determine the average weekly wage of the preceding calendar
13 year in the following manner:

14 1. The sum of the total monthly employment reported for the
15 calendar year shall be divided by twelve (12) to determine the
16 average monthly employment;

17 2. The sum of the total wages reported for the previous
18 calendar year shall be divided by the average monthly employment to
19 determine the average annual wage; and

20 3. The average annual wage shall be divided by fifty-two (52)
21 to determine the average weekly wage.

22 SECTION 4. AMENDATORY 40 O.S. 2011, Section 2-209, is
23 amended to read as follows:

1 Section 2-209. BENEFITS FOR EMPLOYEES OF GOVERNMENTAL OR
2 NONPROFIT EMPLOYERS.

3 Benefits based on service in employment defined in ~~paragraphs~~
4 ~~(2)~~, paragraph (3) or (4) of Section 1-210 of this title, including
5 any federally operated educational institutions, shall be payable in
6 the same amount, on the same terms and subject to the same
7 conditions as benefits payable on the basis of other service subject
8 to the Employment Security Act of 1980, except that:

9 (1) With respect to service performed in an instructional,
10 research or principal administrative capacity for an educational
11 institution, benefits shall not be paid based on ~~such~~ services for
12 any week of unemployment commencing during the period between two
13 (2) successive academic years, or during a similar period between
14 two regular but not successive terms, or during a period of paid
15 sabbatical leave provided for in the individual's contract, to any
16 individual if ~~such~~ the individual performs ~~such~~ services in the
17 first ~~of such~~ academic ~~years~~ year or ~~terms~~ term and if there is a
18 contract or a reasonable assurance that ~~such~~ the individual will
19 perform services in any ~~such~~ capacity for any educational
20 institution in the second ~~of such~~ academic ~~years~~ year or ~~terms~~.
21 term;

22 (2) With respect to services performed in any other capacity
23 for an educational institution, benefits shall not be paid on the
24 basis of ~~such~~ services to any individual for any week which

1 commences during a period between two (2) successive academic years
2 or terms if ~~such~~ the individual performs ~~such~~ services in the first
3 ~~of such~~ academic ~~years~~ year or ~~terms~~ term and there is a reasonable
4 assurance that ~~such~~ the individual will perform ~~such~~ services in the
5 second ~~of such~~ academic ~~years~~ year or ~~terms~~ term, except that if
6 compensation is denied to any individual ~~under~~ pursuant to this
7 paragraph and ~~such~~ the individual was not offered an opportunity to
8 perform ~~such~~ services for the educational institution for the second
9 ~~of such~~ academic ~~years~~ year or ~~terms~~ term, ~~such~~ the individual shall
10 be entitled to a retroactive payment of compensation for each week
11 for which the individual filed a timely claim for compensation and
12 for which compensation was denied solely by reason of this clause-;

13 (3) With respect to any services described in paragraphs (1)
14 and (2) of this section, benefits shall not be payable on the basis
15 of services in any ~~such~~ capacities to any individual for any week
16 which commences during an established and customary vacation period
17 or holiday recess if ~~such~~ the individual performs ~~such~~ services in
18 the period immediately before ~~such~~ the vacation period or holiday
19 recess, and there is a reasonable assurance that ~~such~~ the individual
20 will perform ~~such~~ services in the period immediately following ~~such~~
21 the vacation period or holiday recess-;

22 (4) With respect to any services described in paragraphs (1)
23 and (2) of this section, benefits shall not be payable on the basis
24 of services in any ~~such~~ capacities as specified in paragraphs (1),

1 (2) and (3) of this section to any individual who performed ~~such~~
2 services in an educational institution while in the employ of an
3 educational service agency. For purposes of this paragraph, the
4 term "educational service agency" means a governmental agency or
5 governmental entity which is established and operated exclusively
6 for the purpose of providing ~~such~~ services to one or more
7 educational institutions-;

8 (5) With respect to services to which ~~paragraphs (2),~~ paragraph
9 (3) or (4) of Section 1-210 of this title ~~apply~~ applies, if ~~such~~
10 services are provided to or on behalf of an educational institution,
11 benefits shall not be payable under the same circumstances and
12 subject to the same terms and conditions as described in paragraphs
13 (1), (2), (3) and (4) of this section-; and

14 (6) If an individual has employment with an educational
15 institution and has employment with a noneducation employer or
16 employers during the base period of the individual's benefit year,
17 the individual may become eligible for benefits during the between-
18 term denial period, based only on the noneducational employment.

19 SECTION 5. AMENDATORY Section 12, Chapter 287, O.S.L.
20 2016 (40 O.S. Supp. 2016, Section 3-121), is amended to read as
21 follows:

22 Section 3-121. PROFESSIONAL EMPLOYER ORGANIZATIONS - TRANSFER
23 OF EXPERIENCE HISTORY.

24

1 If a Professional Employer Organization, or PEO, chooses the
2 option to file quarterly tax returns under the account assigned to
3 its client pursuant to paragraph 2 of subsection A of Section 3-120
4 of ~~Title 40 of the Oklahoma Statutes~~ this title, and if the client
5 has an experience history from a previous account assigned to that
6 client that can be used in calculating an earned tax rate pursuant
7 to the provisions of Article 3, Part 1, of the Employment Security
8 Act of 1980, then that experience history shall be transferred to
9 the account assigned to that client as a ~~co-employer~~ coemployer of
10 that PEO. In addition, if taxable wages were reported by a client
11 in a previous account of the client within the calendar year in
12 which the PEO coemployer account is set up, then the PEO coemployer
13 account shall be given credit for the taxable wages paid on each
14 employee in the immediately previous account under which client
15 wages were reported.

16 SECTION 6. AMENDATORY 40 O.S. 2011, Section 4-508, as
17 last amended by Section 19, Chapter 249, O.S.L. 2015 (40 O.S. Supp.
18 2016, Section 4-508), is amended to read as follows:

19 Section 4-508. INFORMATION TO BE KEPT CONFIDENTIAL -
20 DISCLOSURE.

21 A. Except as otherwise provided by law, information obtained
22 from any employing unit or individual pursuant to the administration
23 of the Employment Security Act of 1980, any workforce system program
24 administered or monitored by the Oklahoma Employment Security

1 Commission, and determinations as to the benefit rights of any
2 individual shall be kept confidential and shall not be disclosed or
3 be open to public inspection in any manner revealing the
4 individual's or employing unit's identity. Any claimant or
5 employer, or agent of ~~such person~~ either as authorized in writing,
6 shall be supplied with information from the records of the Oklahoma
7 Employment Security Commission, to the extent necessary for the
8 proper presentation of the claim or complaint in any proceeding
9 under the Employment Security Act of 1980, with respect thereto.

10 B. Upon receipt of written request by any employer who
11 maintains a Supplemental Unemployment Benefit (SUB) Plan, the
12 Commission or its designated representative may release to ~~such~~ that
13 employer information regarding weekly benefit amounts paid its
14 workers during a specified temporary layoff period, provided ~~such~~
15 the Supplemental Unemployment Benefit (SUB) Plan requires benefit
16 payment information before Supplemental Unemployment Benefits can be
17 paid to ~~such~~ the workers. Any information disclosed under this
18 provision shall be utilized solely for the purpose outlined herein
19 and shall be held strictly confidential by the employer.

20 C. The provisions of this section shall not prevent the
21 Commission from disclosing the following information and no
22 liability whatsoever, civil or criminal, shall attach to any member
23 of the Commission or any employee thereof for any error or omission
24 in the disclosure of ~~such~~ this information:

1 1. The delivery to taxpayer or claimant a copy of any report or
2 other paper filed by the taxpayer or claimant pursuant to the
3 Employment Security Act of 1980;

4 2. The disclosure of information to any person for a purpose as
5 authorized by the taxpayer or claimant pursuant to a waiver of
6 confidentiality. The waiver shall be in writing and shall be
7 notarized;

8 3. The Oklahoma Department of Commerce may have access to data
9 obtained pursuant to the Employment Security Act of 1980 pursuant to
10 rules promulgated by the Commission. The information obtained shall
11 be held confidential by the Department and any of its agents and
12 shall not be disclosed or be open to public inspection. The
13 Oklahoma Department of Commerce, however, may release aggregated
14 data, either by industry or county, provided that ~~such~~ the
15 aggregation meets disclosure requirements of the Commission;

16 4. The publication of statistics so classified as to prevent
17 the identification of a particular report and the items thereof;

18 5. The disclosing of information or evidence to the Attorney
19 General or any district attorney when the information or evidence is
20 to be used by the officials or other parties to the proceedings to
21 prosecute or defend allegations of violations of the Employment
22 Security Act of 1980. The information disclosed to the Attorney
23 General or any district attorney shall be kept confidential by them
24 and not be disclosed except when presented to a court in a

1 prosecution of a violation of Section 1-101 et seq. of this title,
2 and a violation by the Attorney General or district attorney by
3 otherwise releasing the information shall be a felony;

4 6. The furnishing, at the discretion of the Commission, of any
5 information disclosed by the records or files to any official person
6 or body of this state, any other state or of the United States who
7 is concerned with the administration of assessment of any similar
8 tax in this state, any other state or the United States;

9 7. The furnishing of information to other state agencies for
10 the limited purpose of aiding in the collection of debts owed by
11 individuals to the requesting agencies or the Oklahoma Employment
12 Security Commission;

13 8. The release to employees of the Department of Transportation
14 or any Metropolitan Planning Organization as defined in 23 U.S.C.,
15 Section 134 and 49 U.S.C., Section 5303 of information required for
16 use in federally mandated regional transportation planning, which is
17 performed as a part of its official duties;

18 9. The release to employees of the State Treasurer's office of
19 information required to verify or evaluate the effectiveness of the
20 Oklahoma Small Business Linked Deposit Program on job creation;

21 10. The release to employees of the Attorney General, ~~the State~~
22 ~~Insurance Fund~~, the Department of Labor, the Workers' Compensation
23 Commission, and the Insurance Department for use in investigation of
24 workers' compensation fraud;

1 11. The release to employees of any Oklahoma state, Oklahoma
2 county or Oklahoma municipal law enforcement agency for use in
3 criminal investigations and the location of missing persons or
4 fugitives from justice;

5 12. The release to employees of the Center of International
6 Trade, Oklahoma State University, of information required for the
7 development of International Trade for employers doing business in
8 the State of Oklahoma;

9 13. The release to employees of the Oklahoma State Regents for
10 Higher Education of information required for use in the default
11 prevention efforts and/or collection of defaulted student loans
12 guaranteed by the Oklahoma Guaranteed Student Loan Program. Any
13 information disclosed under this provision shall be utilized solely
14 for the purpose outlined herein and shall be held strictly
15 confidential by the Oklahoma State Regents for Higher Education;

16 14. The release to employees of the Center for Economic and
17 Management Research of the University of Oklahoma, the Center for
18 Economic and Business Development at Southwestern Oklahoma State
19 University, or a center of economic and business research or
20 development at a comprehensive or regional higher education
21 institution within The Oklahoma State System of Higher Education of
22 information required to identify economic trends. The information
23 obtained shall be kept confidential by the higher education
24 institution and shall not be disclosed or be open to public

1 inspection. The higher education institution may release aggregated
2 data, provided that ~~such~~ the aggregation meets disclosure
3 requirements of the Commission;

4 15. The release to employees of the Office of Management and
5 Enterprise Services of information required to identify economic
6 trends. The information obtained shall be kept confidential by the
7 Office of Management and Enterprise Services and shall not be
8 disclosed or be open to public inspection. The Office of Management
9 and Enterprise Services may release aggregate data, provided that
10 ~~such~~ the aggregation meets disclosure requirements of the
11 Commission;

12 16. The release to employees of the Department of Mental Health
13 and Substance Abuse Services of information required to evaluate the
14 effectiveness of mental health and substance abuse treatment and
15 state or local programs utilized to divert persons from inpatient
16 treatment. The information obtained shall be kept confidential by
17 the Department and shall not be disclosed or be open to public
18 inspection. The Department of Mental Health and Substance Abuse
19 Services, however, may release aggregated data, either by treatment
20 facility, program or larger aggregate units, provided that ~~such~~ the
21 aggregation meets disclosure requirements of the Oklahoma Employment
22 Security Commission;

23 17. The release to employees of the Attorney General, the
24 Oklahoma State Bureau of Investigation, and the Insurance Department

1 for use in the investigation of insurance fraud and health care
2 fraud;

3 18. The release to employees of public housing agencies for
4 purposes of determining eligibility pursuant to 42 U.S.C., Section
5 503(i);

6 19. The release of wage and benefit claim information, at the
7 discretion of the Commission, to an agency of this state or its
8 political subdivisions, ~~or any nonprofit corporation~~ that operates a
9 program or activity designated as a required partner in the
10 Workforce ~~Investment~~ Innovation and Opportunity Act One-Stop
11 delivery system pursuant to 29 U.S.C.A., Section ~~2481(b)~~ 3151(b)(1),
12 based on a showing of need made to the Commission and after an
13 agreement concerning the release of information is entered into with
14 the entity receiving the information;

15 20. The release of information to the wage record interchange
16 system, at the discretion of the Commission;

17 21. The release of information to the Bureau of the Census of
18 the U.S. Department of Commerce for the purpose of economic and
19 statistical research;

20 22. The release of employer tax information and benefit claim
21 information to the Oklahoma Health Care Authority for use in
22 determining eligibility for a program that will provide subsidies
23 for health insurance premiums for qualified employers, employees,
24 self-employed persons, and unemployed persons;

1 23. The release of employer tax information and benefit claim
2 information to the State Department of Rehabilitation Services for
3 use in assessing results and outcomes of clients served;

4 24. The release of information to any state or federal law
5 enforcement authority when necessary in the investigation of any
6 crime in which the Commission is a victim. Information that is
7 confidential under this section shall be held confidential by the
8 law enforcement authority unless and until it is required for use in
9 court in the prosecution of a defendant in a criminal prosecution;

10 25. The release of information to vendors that contract with
11 the Oklahoma Employment Security Commission to provide for the
12 issuance of debit cards, to conduct electronic fund transfers, to
13 perform computer programming operations, or to perform computer
14 maintenance or replacement operations; provided the vendor agrees to
15 protect and safeguard the information it receives and to destroy the
16 information when no longer needed for the purposes set out in the
17 contract;

18 26. The release to employees of the Office of Juvenile Affairs
19 of information for use in assessing results and outcomes of clients
20 served as well as the effectiveness of state and local juvenile and
21 justice programs including prevention and treatment programs. The
22 information obtained shall be kept confidential by the Office of
23 Juvenile Affairs and shall not be disclosed or be open to public
24 inspection. The Office of Juvenile Affairs may release aggregated

1 data for programs or larger aggregate units, provided that the
2 aggregation meets disclosure requirements of the Oklahoma Employment
3 Security Commission; ~~or~~

4 27. The release of information to vendors that contract with
5 the State of Oklahoma for the purpose of providing a public
6 electronic labor exchange system that will support the Oklahoma
7 Employment Security Commission's operation of an employment service
8 system to connect employers with job seekers and military veterans.
9 This labor exchange system would enhance the stability and security
10 of Oklahoma's economy as well as support the provision of veterans'
11 priority of service. The vendors may perform computer programming
12 operations, perform computer maintenance or replacement operations,
13 or host the electronic solution; provided each vendor agrees to
14 protect and safeguard all information received, that no information
15 shall be disclosed to any third party, that the use of the
16 information shall be restricted to the scope of the contract, and
17 that the vendor shall properly dispose of all information when no
18 longer needed for the purposes set out in the contract; or

19 28. The release of employer tax information and benefit claim
20 information to employees of a county public defender's office in the
21 State of Oklahoma and the Oklahoma Indigent Defense System for the
22 purpose of determining financial eligibility for the services
23 provided by such entities.

24

1 D. Subpoenas to compel disclosure of information made
2 confidential by this statute shall not be valid, except for
3 administrative subpoenas issued by federal, state, or local
4 governmental agencies that have been granted subpoena power by
5 statute or ordinance. Confidential information maintained by the
6 Commission can be obtained by order of a court of record that
7 authorizes the release of the records in writing. All
8 administrative subpoenas or court orders for production of documents
9 must provide a minimum of twenty (20) days from the date it is
10 served for the Commission to produce the documents. If the date on
11 which production of the documents is required is less than twenty
12 (20) days from the date of service, the subpoena or order shall be
13 considered void on its face as an undue burden or hardship on the
14 Commission. All administrative subpoenas, court orders or notarized
15 waivers of confidentiality authorized by paragraph 2 of subsection C
16 of this section shall be presented with a request for records within
17 ninety (90) days of the date the document is issued or signed, and
18 the document can only be used one time to obtain records.

19 E. Should any of the disclosures provided for in this section
20 require more than casual or incidental staff time, the Commission
21 shall charge the cost of ~~such~~ the staff time to the party requesting
22 the information.

23 F. It is further provided that the provisions of this section
24 shall be strictly interpreted and shall not be construed as

1 permitting the disclosure of any other information contained in the
2 records and files of the Commission.

3 SECTION 7. AMENDATORY 40 O.S. 2011, Section 4-509, is
4 amended to read as follows:

5 Section 4-509. INFORMATION TO BE FURNISHED TO PUBLIC AGENCIES.

6 A. Subject to such restrictions as the Oklahoma Employment Security
7 Commission may by rule prescribe, information maintained by the
8 Commission may be made available to any agency of this or any other
9 state, or any federal agency, charged with the administration of an
10 unemployment compensation law or the maintenance of a system of
11 public employment offices, or the Internal Revenue Service of the
12 United States Department of the Treasury, the United States Social
13 Security Administration or the Oklahoma Tax Commission. Any
14 information obtained in connection with the administration of the
15 employment service may be made available to:

16 1. Persons or agencies for purposes appropriate to the
17 operation of a public employment service; or

18 2. Any agency of this state or its political subdivisions ~~or~~
19 ~~nonprofit corporation~~ that operates a program or activity designated
20 as a required partner in the Workforce ~~Investment~~ Innovation and
21 Opportunity Act One-Stop delivery system pursuant to 29 U.S.C.,
22 Section ~~2841~~ 3151 (b) (1), in accordance with a written agreement
23 entered into between the partner and the Commission.

24

1 B. Upon request, the Commission shall furnish to any agency of
2 the United States charged with the administration of public works or
3 assistance through public employment, and may furnish to any state
4 agency similarly charged, the name, address, ordinary occupation,
5 and employment status of each recipient of benefits and such
6 recipient's rights to further benefits pursuant to the provisions of
7 the Employment Security Act of 1980. The Commission shall furnish
8 to public agencies collecting debts created by food stamp
9 overissuances or administering Transitional Assistance to Needy
10 Families (TANF) or child support programs, promptly upon request and
11 in the most economical, effective and timely manner, information as
12 to:

13 1. Whether an individual has applied for, is receiving or has
14 received unemployment insurance and the amount;

15 2. The individual's current address;

16 3. Whether the individual has refused employment and if so a
17 description of the job including the terms, conditions and rate of
18 pay; and

19 4. Any other information that might be useful in locating any
20 individual who may have a food stamp overissuance or an obligation
21 for support.

22 SECTION 8. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 3-109.3 of Title 40, unless
24 there is created a duplication in numbering, reads as follows:

1 RATE REDUCTION FOR TECHNOLOGY REINVESTMENT APPORTIONMENT.

2 Notwithstanding the provisions of Sections 3-109, 3-110.1 and 3-
3 113 of Title 40 of the Oklahoma Statutes, for the time period
4 beginning January 1, 2018, and ending December 31, 2022, the tax
5 rate computed for or assigned to an employer shall be reduced by
6 five percent (5%). Provided, the tax rate of employers assigned a
7 tax rate pursuant to Section 3-110.1 of Title 40 of the Oklahoma
8 Statutes shall not be reduced to less than one percent (1%).

9 Provided, further, employers who qualify for an earned tax rate
10 calculated pursuant to Section 3-109 of Title 40 of the Oklahoma
11 Statutes, and are given the highest tax rate in the rate table for
12 the given year, shall not be eligible for the rate reduction
13 provided for in this section.

14 SECTION 9. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 6-201 of Title 40, unless there
16 is created a duplication in numbering, reads as follows:

17 OESC TECHNOLOGY FUND.

18 A. There is hereby created in the State Treasury a revolving
19 fund for the Oklahoma Employment Security Commission to be
20 designated the "OESC Technology Fund". The OESC Technology Fund
21 shall be separate and distinct from the Unemployment Compensation
22 Fund and shall consist of:

23 1. All monies received from employers and paid pursuant to
24 Section 12 of this act; and

- 1 2. To purchase or lease any auxiliary or peripheral equipment
2 necessary for the operation of the new technology systems;
- 3 3. To pay for the maintenance of all OESC technology system
4 hardware;
- 5 4. To purchase or lease any and all software needed for the
6 operation of the new technology systems;
- 7 5. To pay for all OESC technology system software license fees;
- 8 6. To pay for all programming and analysis necessary to make
9 the new technology system operational;
- 10 7. To pay for all testing, designing, engineering, planning,
11 networking and training to make the new technology system
12 operational;
- 13 8. To pay for all shipping and installation charges for the
14 technology system and its auxiliary and peripheral equipment;
- 15 9. To contract with vendors and hire personnel as necessary to
16 accomplish the modernization effort;
- 17 10. To analyze business processes and develop requirements for
18 Requests for Proposals;
- 19 11. To fund project planning, project management, strategy
20 development and project consulting services; and
- 21 12. To make refunds of money erroneously collected and
22 deposited in the OESC Technology Fund.
- 23 B. The total expenditures from the OESC Technology Fund shall
24 not exceed Thirty-nine Million Dollars (\$39,000,000.00) between

1 January 1, 2018, and December 31, 2022, without Legislative
2 authority. Prior to expenditures authorized by paragraphs 1, 4, 6,
3 7, 9, 10 and 11 of subsection A of this section, the Chief
4 Information Officer of the Office of Management and Enterprise
5 Services shall be consulted for recommendations. The Office of
6 Management and Enterprise Services shall provide periodic oversight
7 of the technology modernization efforts and may assist the Oklahoma
8 Employment Security Commission in any manner necessary to accomplish
9 the purposes of this fund.

10 C. If any money remains in this fund after the new technology
11 system has been brought online and made fully operational, that
12 excess money shall be transferred to the Unemployment Compensation
13 Fund.

14 SECTION 11. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 6-203 of Title 40, unless there
16 is created a duplication in numbering, reads as follows:

17 CUSTODIAN AND TREASURER OF FUND.

18 A. The State Treasurer shall be the custodian and treasurer of
19 the OESC Technology Fund.

20 B. The State Treasurer shall deposit the monies belonging to
21 the OESC Technology Fund that are in his or her custody subject to
22 the provisions of Section 12 of this act.

23 C. The State Treasurer, as custodian of the OESC Technology
24 Fund, shall hold, invest, transfer, sell, deposit and release those

1 monies, properties or securities in a manner approved by the
2 Oklahoma Employment Security Commission. Provided, however, that
3 those monies shall be invested in the classes of securities legal
4 for investment of public monies of this state. Provided further,
5 the investment shall at all times be so made that all assets of the
6 OESC Technology Fund shall always be readily convertible into cash
7 when needed for any expenditure authorized in Section 10 of this
8 act.

9 SECTION 12. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 6-204 of Title 40, unless there
11 is created a duplication in numbering, reads as follows:

12 TECHNOLOGY REINVESTMENT APPORTIONMENT.

13 A. 1. For the period from January 1, 2018, to December 31,
14 2022, each employer subject to the provisions of Sections 3-109, 3-
15 110.1 and 3-113 of Title 40 of the Oklahoma Statutes shall be
16 required to pay an OESC Technology Reinvestment Apportionment equal
17 to five percent (5%) of the unemployment taxes that would be owed to
18 the Oklahoma Employment Security Commission before any rate
19 reduction is made pursuant to Section 8 of this act. This
20 apportionment shall be in addition to any contribution which that
21 employer is required to make pursuant to the provisions of the
22 Employment Security Act of 1980.

23 2. The apportionment provided for in this section shall not be
24 considered part of any unemployment taxes required of an individual

1 employer pursuant to the Employment Security Act of 1980, nor shall
2 it be considered for purposes of determining the individual
3 employer's tax rate.

4 B. Employers assigned a tax rate pursuant to Section 3-110.1 of
5 Title 40 of the Oklahoma Statutes shall pay an OESC Technology
6 Reinvestment Apportionment equal to the rate reduction granted them
7 pursuant to Section 8 of this act.

8 C. Employers who qualify for an earned tax rate calculated
9 pursuant to Section 3-109 of Title 40 of the Oklahoma Statutes, and
10 are given the highest tax rate in the rate table for the given year,
11 shall be exempt from the provisions of this section.

12 D. Employers making payments in lieu of contributions pursuant
13 to Sections 3-702, 3-705 and 3-806 of Title 40 of the Oklahoma
14 Statutes shall be exempt from the provisions of this section.

15 E. The apportionment shall be made and collected by the
16 Oklahoma Employment Security Commission for deposit, on a monthly
17 basis, to the credit of the OESC Technology Fund. Provided, all
18 monies received by the Oklahoma Employment Security Commission for
19 the account of the OESC Technology Fund, upon receipt, shall be
20 deposited in a clearance account.

21 F. The Oklahoma Employment Security Commission shall promulgate
22 such rules as may be necessary to implement the provisions of
23 Sections 8 through 13 of this act.

24

1 G. The Oklahoma Employment Security Commission shall create an
2 annual report detailing the collection of the apportionment funds
3 and the expenditures from the OESC Technology Fund. The report
4 shall be filed on or before March 31 of each year following the
5 effective date of this act, and shall continue until all money in
6 the OESC Technology Fund is expended or transferred pursuant to
7 subsection C of Section 10 of this act. The report shall be filed
8 with the Governor, the President Pro Tempore of the Senate, the
9 Speaker of the House of Representatives, the State Treasurer, the
10 State Auditor and Inspector, and the Director of the Office of
11 Management and Enterprise Services.

12 SECTION 13. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 6-205 of Title 40, unless there
14 is created a duplication in numbering, reads as follows:

15 TECHNOLOGY FUND BALANCE.

16 The balance of the OESC Technology Fund on July 1 of any given
17 year shall be used in the calculation of conditional factors
18 pursuant to Section 3-113 of Title 40 of the Oklahoma Statutes as
19 long as the OESC Technology Fund has a balance greater than zero.
20 The calculation shall be conducted in the following manner: The
21 balance of the OESC Technology Fund as of July 1 of any given year
22 shall be aggregated with the balance of the Unemployment
23 Compensation Fund as of July 1 of the same year, with the resulting
24 sum to be used in the calculation of the conditional factors as set

1 out in Section 3-113 of Title 40 of the Oklahoma Statutes. The
2 aggregate of the two fund balances shall only be for the purpose of
3 the calculation and in no way shall balances in these two funds be
4 comingled.

5 SECTION 14. REPEALER 40 O.S. 2011, Section 3-809, is
6 hereby repealed.

7 ~~SECTION 15. This act shall become effective July 1, 2017.~~

8 ~~SECTION 16. It being immediately necessary for the preservation
9 of the public peace, health or safety, an emergency is hereby
10 declared to exist, by reason whereof this act shall take effect and
11 be in full force from and after its passage and approval.~~

12 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS, COMMERCE AND TOURISM
13 April 12, 2017 - DO PASS AS AMENDED
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