

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 451

By: Newberry

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5  
6 AS INTRODUCED

7 An Act relating to the Oklahoma Employment Security  
8 Commission; providing for rate reduction for  
9 technology reinvestment apportionment; creating the  
10 OESC Technology Fund; providing for expenditures from  
11 fund; providing for custodian and treasurer of fund;  
12 authorizing certain technology reinvestment  
13 apportionment; modifying unemployment tax rate;  
14 exempting certain tax rates from certain reduction;  
15 creating the OESC Technology Fund; providing for  
16 expenditures from fund; providing for custodian and  
17 treasurer of fund; authorizing certain technology  
18 reinvestment apportionment; setting certain  
19 percentage rate apportionment; authorizing  
20 promulgation of rules requiring certain report by  
21 certain time; directly distribution of report;  
22 providing for codification; providing an effective  
23 date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 3-109.3 of Title 40, unless  
there is created a duplication in numbering, reads as follows:

RATE REDUCTION FOR TECHNOLOGY REINVESTMENT APPORTIONMENT.

Notwithstanding the provisions of Sections 3-109, 3-110.1 and 3-  
113 of Title 40 of the Oklahoma Statutes, for the time period

1 beginning January 1, 2018, and ending December 31, 2022, the tax  
2 rate computed for or assigned to an employer shall be reduced by  
3 five percent (5%). Provided, the tax rate of employers assigned a  
4 tax rate pursuant to Section 3-110.1 of Title 40 of the Oklahoma  
5 Statutes shall not be reduced to less than one percent (1%).  
6 Provided further, employers who qualify for an earned tax rate  
7 calculated pursuant to Section 3-109 of Title 40 of the Oklahoma  
8 Statutes, and are given the highest tax rate in the rate table for  
9 the given year, shall not be eligible for the rate reduction  
10 provided for in this section.

11 SECTION 2. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 6-201 of Title 40, unless there  
13 is created a duplication in numbering, reads as follows:

14 OESC TECHNOLOGY FUND.

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

20 1. All monies received from employers and paid pursuant to  
21 Section 5 of this act; and

22 2. Financial instruments, certificates of deposit, bonds and  
23 securities acquired by and through the use of monies in the OESC  
24 Technology Fund.

1 B. The OESC Technology Fund shall be a continuing fund, not  
2 subject to fiscal year limitations. All monies accruing to the  
3 credit of the OESC Technology Fund are hereby appropriated and shall  
4 be budgeted and expended solely for the purposes of modernizing the  
5 business processes and technology of the Oklahoma Employment  
6 Security Commission as set forth in Section 3 of this act.  
7 Expenditures from the OESC Technology Fund shall be made upon  
8 warrants issued by the State Treasurer against claims filed, as  
9 prescribed by law, with the Director of the Office of Management and  
10 Enterprise Services for approval and payment.

11 SECTION 3. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 6-202 of Title 40, unless there  
13 is created a duplication in numbering, reads as follows:

14 EXPENDITURES FROM FUND.

15 A. The monies in the OESC Technology Fund shall be used for the  
16 following purposes:

17 1. To purchase or lease new technology systems hardware for the  
18 Oklahoma Employment Security Commission to be used in its mission to  
19 provide employment services, unemployment insurance and economic  
20 research for the citizens of this state as well as the  
21 administration of these programs;

22 2. To purchase or lease any auxiliary or peripheral equipment  
23 necessary for the operation of the new technology systems;

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- 1       3. To pay for the maintenance of all OESC technology system  
2 hardware;
- 3       4. To purchase or lease any and all software needed for the  
4 operation of the new technology systems;
- 5       5. To pay for all OESC technology system software license fees;
- 6       6. To pay for all programming and analysis necessary to make  
7 the new technology system operational;
- 8       7. To pay for all testing, designing, engineering, planning,  
9 networking and training to make the new technology system  
10 operational;
- 11       8. To pay for all shipping and installation charges for the  
12 technology system and its auxiliary and peripheral equipment;
- 13       9. To contract with vendors and hire personnel as necessary to  
14 accomplish the modernization effort;
- 15       10. To analyze business processes and develop requirements for  
16 Requests for Proposals;
- 17       11. To fund project planning, project management, strategy  
18 development and project consulting services; and
- 19       12. To make refunds of money erroneously collected and  
20 deposited in the OESC Technology Fund.

21       B. The total expenditures from the OESC Technology Fund shall  
22 not exceed Thirty-nine Million Dollars (\$39,000,000.00) between  
23 January 1, 2018, and December 31, 2022, without Legislative  
24 authority. Prior to expenditures authorized by paragraphs 1, 4, 6,

1 7, 9, 10 and 11 of subsection A of this section, the Chief  
2 Information Officer of the Office of Management and Enterprise  
3 Services shall be consulted for recommendations. The Office of  
4 Management and Enterprise Services shall provide periodic oversight  
5 of the technology modernization efforts and may assist the Oklahoma  
6 Employment Security Commission in any manner necessary to accomplish  
7 the purposes of this fund.

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

12 SECTION 4. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 6-203 of Title 40, unless there  
14 is created a duplication in numbering, reads as follows:

15 CUSTODIAN AND TREASURER OF FUND.

16 A. The State Treasurer shall be the custodian and treasurer of  
17 the OESC Technology Fund.

18 B. The State Treasurer shall deposit the monies belonging to  
19 the OESC Technology Fund that are in his or her custody subject to  
20 the provisions of Section 5 of this act.

21 C. The State Treasurer, as custodian of the OESC Technology  
22 Fund, shall hold, invest, transfer, sell, deposit and release those  
23 monies, properties or securities in a manner approved by the  
24 Oklahoma Employment Security Commission. Provided, however, that

1 those monies shall be invested in the classes of securities legal  
2 for investment of public monies of this state. Provided further,  
3 the investment shall at all times be so made that all assets of the  
4 OESC Technology Fund shall always be readily convertible into cash  
5 when needed for any expenditure authorized in Section 3 of this act.

6 SECTION 5. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 6-204 of Title 40, unless there  
8 is created a duplication in numbering, reads as follows:

9 TECHNOLOGY REINVESTMENT APPORTIONMENT.

10 A. 1. For the period from January 1, 2018, to December 31,  
11 2022, each employer subject to the provisions of Sections 3-109, 3-  
12 110.1 and 3-113 of Title 40 of the Oklahoma Statutes shall be  
13 required to pay an OESC Technology Reinvestment Apportionment equal  
14 to five percent (5%) of the unemployment taxes that would be owed to  
15 the Oklahoma Employment Security Commission before any rate  
16 reduction is made pursuant to Section 1 of this act. This  
17 apportionment shall be in addition to any contribution which that  
18 employer is required to make pursuant to the provisions of the  
19 Employment Security Act of 1980.

20 2. The apportionment provided for in this section shall not be  
21 considered part of any unemployment taxes required of an individual  
22 employer pursuant to the Employment Security Act of 1980, nor shall  
23 it be considered for purposes of determining the individual  
24 employer's tax rate.

1 B. Employers assigned a tax rate pursuant to Section 3-110.1 of  
2 Title 40 of the Oklahoma Statutes shall pay an OESC Technology  
3 Reinvestment Apportionment equal to the rate reduction granted them  
4 pursuant to Section 1 of this act.

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

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

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

18 F. The Oklahoma Employment Security Commission shall promulgate  
19 such rules as may be necessary to implement the provisions of  
20 Sections 1 through 6 of this act.

21 G. The Oklahoma Employment Security Commission shall create an  
22 annual report detailing the collection of the apportionment funds  
23 and the expenditures from the OESC Technology Fund. The report  
24 shall be filed on or before March 31 of each year following the

1 effective date of this act, and shall continue until all money in  
2 the OESC Technology Fund is expended or transferred pursuant to  
3 subsection C of Section 3 of this act. The report shall be filed  
4 with the Governor, the President Pro Tempore of the Senate, the  
5 Speaker of the House of Representatives, the State Treasurer, the  
6 State Auditor and Inspector, and the Director of the Office of  
7 Management and Enterprise Services.

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

11 TECHNOLOGY FUND BALANCE.

12 The balance of the OESC Technology Fund on July 1 of any given  
13 year shall be used in the calculation of conditional factors  
14 pursuant to Section 3-113 of Title 40 of the Oklahoma Statutes as  
15 long as the OESC Technology Fund has a balance greater than zero.  
16 The calculation shall be conducted in the following manner: The  
17 balance of the OESC Technology Fund as of July 1 of any given year  
18 shall be aggregated with the balance of the Unemployment  
19 Compensation Fund as of July 1 of the same year, with the resulting  
20 sum to be used in the calculation of the conditional factors as set  
21 out in Section 3-113 of Title 40 of the Oklahoma Statutes. The  
22 aggregate of the two fund balances shall only be for the purpose of  
23 the calculation and in no way shall balances in these two funds be  
24 comingled.



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

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

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