Senate Journal

Second Regular Session of the Forty-ninth Legislature of the State of Oklahoma Forty-sixth Legislative Day, Tuesday, April 20, 2004

The Senate was called to order by Senator Rozell.

Roll Call:

Present: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Maddox, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.—47.

Excused: Wilkerson.—1.

Senator Rozell declared a quorum present.

The prayer was offered by Reverend Lynn E. Brack, First United Methodist Church, Weatherford, the guest of Senator Kerr.

REPORT OF ENGROSSED AND ENROLLED MEASURES

HBs 1838, 1965, 2023, 2025, 2028, 2032, 2034, 2041, 2077, 2079, 2081, 2083, 2085, 2087, 2089, 2134, 2198, 2226, 2250, 2270, 2332, 2358, 2382, 2470, 2472, 2494, 2505, 2536, 2554, 2627, 2660, 2690 and 2693 and HJR 1063 were each correctly engrossed and, together with engrossed SAs, properly signed and ordered returned to the Honorable House.

SBs 1137, 1191, 1211 and **1220** were each correctly enrolled and after fourth reading, properly signed and ordered transmitted to the Honorable House for signature of the Speaker.

MESSAGES FROM THE HOUSE

Advising concurrence in SAs to and passage of Engrossed HB 2280 and HCR 1046.

Advising rejection of **SAs** to the following bills, requesting conference and House conference to be named later:

HB 1427 HB 2135 HB 2219 HB 2299 HB 2425 HB 2496 HB 2607

Advising passage of and returning the following Engrossed bills:

SB 1397 - coauthored by Wilt, Nance of the House SB 1543

The above-numbered measures were referred for enrollment.

UNANIMOUS CONSENT REQUEST DIRECT TO CALENDAR

Senator Hobson asked unanimous consent to suspend Rule 5-4 and refer **SR 56** direct to the Calendar for consideration, which was the order.

GENERAL ORDER

SR 56 by Hobson was called up for consideration.

All other members of the Senate, except Senator Littlefield, asked to coauthor SR 56, which was the order.

SR 56 was adopted upon motion of Senator Hobson and referred for enrollment.

SPECIAL RECOGNITION OF SENATOR RICK LITTLEFIELD

Senator Littlefield was honored by the Oklahoma State Senate for his 12 years of service. His portrait was displayed as a tribute in the Senate Chamber for this legislative day.

President Pro Tempore Hobson addressed the Senate commending Senator Littlefield for his years of service to the citizens of Senate District 1 in the Oklahoma State Senate. Senator Littlefield addressed the Senate and introduced his family. His guests in attendance were his wife, Alicia; his son, Creed; his parents, Jarvis and JoAnn Littlefield; his sister, Lynda Caudill; Speaker Larry Adair and Representative Joe Hutchison. Senator Littlefield recognized several friends in the gallery who were in attendance. Senator Littlefield also recognized his executive assistant, Linda Bostick, for her dedication and hard work.

Senator Morgan presiding.

PENDING SENATE ACTION HOUSE REQUEST FOR CONFERENCE

Upon motion of Senator Fisher, the request of the Honorable House for conference on the following bills was ordered granted and Senate conference to be named later:

HB 1427 HB 2135 HB 2219 HB 2299 HB 2425 HB 2496 HB 2607

Senator Fisher moved that the Senate recess to the call of the Chair, which motion was declared adopted.

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The Senate reconvened with Senator Rozell presiding.

Senator Rozell questioned the presence of a quorum and ordered the roll called, following which a quorum was declared present.

PENDING CONSIDERATION OF HAs

SB 1411 by Nichols of the Senate and Nations of the House was called up for consideration.

Senator Nichols asked that SB 1411 be laid over temporarily, which was the order.

SB 1411 remains on pending consideration of HAs.

FIRST READING

The following was introduced and read the first time:

SCR 61 – By Kerr of the Senate and Braddock of the House.

A Concurrent Resolution commending the Western Trail Historical Society; designating May 1, 2004, "Great Western Cattle Trail Appreciation Day"; and directing distribution.

UNANIMOUS CONSENT REQUEST DIRECT TO CALENDAR

Senator Kerr asked unanimous consent to suspend Rule 5-4 and refer SCR 61 direct to the Calendar for consideration, which was the order.

GENERAL ORDER

SCR 61 by Kerr of the Senate and Braddock of the House was called up for consideration.

All other members of the Senate asked to coauthor SCR 61, which was the order.

SCR 61 was adopted upon motion of Senator Kerr and referred for enrollment.

MESSAGES FROM THE HOUSE

Advising the signing of and transmitting for signature Enrolled HCR 1046.

The above-numbered enrolled resolution was properly signed and ordered returned to the Honorable House.

Advising fourth reading of and transmitting for signature Enrolled HBs 2139, 2186, 2280, 2307, 2318 and 2442.

The above-numbered enrolled measures were, after fourth reading, properly signed and ordered returned to the Honorable House.

GENERAL ORDER

HB 2577 by Newport et al of the House and Shurden et al of the Senate was called up for consideration.

Senator Shurden moved that **HB 2577** be advanced, which motion was declared adopted.

THIRD READING

HB 2577 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson and Williamson.--45.

Excused: Littlefield, Wilkerson and Williams.--3.

The bill passed.

HB 2577 was referred for engrossment.

GENERAL ORDER

HB 2612 by Sweeden of the House and Corn of the Senate was called up for consideration.

Senator Corn moved that HB 2612 be advanced, which motion was declared adopted.

THIRD READING

HB 2612 was read for the third time at length.

On the question of passage of the bill and emergency, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--45.

Excused: Capps, Littlefield and Wilkerson.--3.

The bill and emergency passed.

HB 2612 was referred for engrossment.

GENERAL ORDER

HB 2205 by Wilt of the House and Coffee of the Senate was called up for consideration.

Senator Williamson moved to amend **HB 2205**, Page 58, Line 22 ¹/₂, by inserting 73 new Sections as previously distributed as floor substitute for **HB 2661**, and by amending the title to conform.

Senator Fisher raised a point of order that the floor substitute had not been distributed for **HB 2205**.

Senator Williamson stated that the floor substitute had been distributed and put on the desk as per the rules of the Senate.

The Chair ruled that the previous distribution of the floor substitute was for **HB 2661**, not **HB 2205**, and the amendment was out of order.

Senator Coffee moved that HB 2205 be advanced, which motion was declared adopted.

THIRD READING

HB 2205 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Maddox, Milacek, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson and Williamson.--45.

Excused: Morgan, Wilkerson and Williams.--3.

The bill passed.

HB 2205 was properly signed and ordered returned to the Honorable House.

MESSAGE FROM THE HOUSE HAS TO SENATE BILLS

Advising passage of and returning the following engrossed bills as amended:

SB 860 - coauthored by Nance, Lindley, Liotta, Adkins, Balkman of the House
SB 865
SB 933
SB 934
SB 934 SB 936
SB 937
SB 938
SB 939
SB 940
SB 941
SB 942
SB 943
SB 944
SB 945
SB 946
SB 947
SB 948
SB 949
SB 950
SB 951
SB 952
SB 953
SB 955
SB 957
SB 961
SB 963
SB 965
SB 967
SB 971
SB 978 - coauthored by Hilliard, Brannon, Smithson, Lamons, Boren of the House
SB 980
SB 982
SB 991
SB 995 SB 1100 coouthored by Lindley of the House
SB 1109 - coauthored by Lindley of the House SB 1145 - coauthored by Smithson Nance of the House
SB 1145 - coauthored by Smithson, Nance of the House SB 1210
SB 1210 SB 1254 - coauthored by Adkins of the House
SB 1254 - coauthored by Aukins of the House SB 1261 - coauthored by Nance, Smithson of the House
SB 1201 - coauthored by Adkins of the House
SB 1352 - coauthored by Tyler, Lindley of the House
5D 1552 - Coaudiored by Tyter, Endicy of the House

SB 1370 SB 1466 SB 1531

SB 1551 - coauthored by Adkins, Case, Coleman, Hastings, Nance, O'Neal, Perry, Pettigrew of the House

SB 1622 - coauthored by Pettigrew, Nance of the House

House amendments were read on the above-numbered bills.

Senator Fisher moved that the Senate recess until 1:00 p.m., which motion was declared adopted.

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The Senate reconvened with Senator Rozell presiding.

Senator Rozell questioned the presence of a quorum and ordered the roll called, following which a quorum was declared present.

MESSAGES FROM THE HOUSE

Advising fourth reading of and returning Enrolled SBs 1137, 1191, 1211 and 1220.

The above-numbered enrolled measures were referred to the Governor.

Advising passage of and returning the following Engrossed bill:

SB 1381

The above-numbered measure was referred for enrollment.

Advising concurrence in SAs to and passage of Engrossed HB 1018.

Advising rejection of **SAs** to the following bills, requesting conference and House conference to be named later:

HB 2373 HB 2616

UNANIMOUS CONSENT REQUEST DIRECT TO CALENDAR

Senator Hobson asked unanimous consent to suspend Rule 5-4 and refer **SR 57** direct to the Calendar for consideration, which was the order.

GENERAL ORDER

SR 57 by Hobson was called up for consideration.

All other members of the Senate, except Senator Horner, asked to coauthor SR 57, which was the order.

SR 57 was adopted upon motion of Senator Hobson and referred for enrollment.

SPECIAL RECOGNITION OF SENATOR MAXINE CISSEL HORNER

Senator Horner was honored by the Oklahoma State Senate for her 18 years of service. Her portrait was displayed as a tribute in the Senate Chamber for this legislative day.

President Pro Tempore Hobson addressed the Senate commending Senator Horner for her years of service to the citizens of Senate District 11 in the Oklahoma State Senate.

Senator Horner addressed the Senate and introduced her family. Her guests in attendance were her son and daughter-in-law, Donald Jr. and Katherine Horner; her daughter and son-in-law, Shari and William Tisdale; her brother, Chuck Cissel; and her grandchildren, Cory, Courtney and William Tisdale and Tre and Taylor Horner. Senator Horner recognized several friends in the gallery who were in attendance, including Secretary of State Susan Savage, President Holloway from Langston University and Representative Judy Eason McIntyre. Senator Horner also recognized her executive assistant, Roxanne Blystone, for her dedication and hard work.

DEDICATION

Senator Ford presented the painting "George Washington Carver in Tulsa". Senator Ford addressed the Senate and introduced the artist, Mike Wimmer, to the Senate. Mr. Wimmer addressed the Senate. Mr. Wimmer introduced Glen Henry, a Senate Sergeant-at-Arms, who was the model for Mr. Carver.

Senator Ford introduced Senator Horner, who addressed the Senate. Senator Horner presented the painting to the Senate as a gift.

PENDING CONSIDERATION OF HAs

HAs to SBs 587 and 1627 were rejected upon motion of Senator Fisher, conference requested, and Senate conferees to be named later.

SCs NAMED

Upon motion of Senator Fisher, Senate conferees were appointed as follows:

HB 1694 - Leftwich, Taylor, Crutchfield, Myers, Coates

GENERAL ORDER

HB 2549 by Morgan (Danny) of the House and Laster of the Senate was called up for consideration.

Senator Laster moved that HB 2549 be advanced, which motion was declared adopted.

THIRD READING

HB 2549 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Johnson, Kerr, Laster, Laughlin, Lawler, Lerblance, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--42.

Nay: Cain.--1.

Excused: Horner, Leftwich, Littlefield, Maddox and Wilkerson.--5.

The bill passed.

HB 2549 was referred for engrossment.

MOTION TO RECONSIDER VOTE

Senator Coffee moved to reconsider the vote whereby **HB 2259** passed and the special election clause failed.

Senators Williamson and Lawler asked to coauthor HB 2259, which was the order.

Senator Fisher moved to table the Coffee motion, which tabling motion was declared adopted.

HB 2259 was referred for engrossment.

PENDING CONSIDERATION OF HAs

HAs to SB 1411 were concurred in upon motion of Senator Nichols.

SB 1411, as amended by the Honorable House, was read at length.

On the question of passage of the bill and emergency, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--44.

Excused: Horner, Littlefield, Maddox and Wilkerson.--4.

The bill and emergency passed.

House amendments were properly signed and the above-numbered bill was referred for enrollment.

GENERAL ORDER

HB 2164 by Deutschendorf et al of the House and Monson and Coffee of the Senate was called up for consideration.

Senator Gumm moved to amend **HB 2164**, Page 11, Line 5, by deleting after the comma and before the word "of" the words and numerals "twenty-five and five-tenths percent (25.5%)"and inserting in lieu thereof the words and numerals "nineteen and twenty-five hundredths percent (19.25%)", which amendment was declared adopted.

Senator Robinson moved to amend **HB 2164**, Pages 13 and 14, by deleting all language starting with the word "Six" on Page 13, Line 4 through the period on Page 14, Line 4, and inserting in lieu thereof the language:

"Eight percent (8.0%) of the state ceiling, with adjustment to the Local Issuer Single Family Pool, shall be reserved and placed in a pool to be designated the Rural Area Housing Pool. Allocations from the Rural Area Housing Pool shall be allocated according to competitive applications to any entity or entities organized under the law of this state. An entity authorized for allocation pursuant to this subsection shall use the allocation for the purpose of qualified single-family and/or multifamily bonds to be issued by the qualified entity as a constituted authority of the State of Oklahoma for projects in counties with a population of seventy-five thousand (75,000) persons or less, with at least one-half (1/2) of such allocation to be used in counties having a population of less than fifty thousand (50,000) persons, if authorized by a resolution of the governing board of the political subdivision within which the project will be located.", which amendment was declared adopted.

Senator Gumm moved to amend **HB 2164**, Page 15, Line 10, by inserting after the word "Pool" and before the word "and" the words ", Rural Area Housing Pool", which amendment was declared adopted.

Senator Monson moved that **HB 2164** be advanced, which motion was declared adopted.

THIRD READING

HB 2164 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Ford, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Milacek, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--46.

Excused: Maddox and Wilkerson.--2.

The bill passed.

HB 2164 was referred for engrossment.

HB 2632 by Erwin et al of the House and Milacek of the Senate was called up for consideration.

Senator Milacek moved that **HB 2632** be advanced, which motion was declared adopted.

THIRD READING

HB 2632 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Cain, Capps, Coates, Corn, Crutchfield, Dunlap, Fisher, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Leftwich, Lerblance, Littlefield, Milacek, Monson, Morgan, Price, Rabon, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Williams and Williamson.--30.

Nay: Aldridge, Branan, Brogdon, Coffee, Easley, Gumm, Laughlin, Lawler, Myers, Nichols, Pruitt, Reynolds, Riley and Wilcoxson.--14.

Excused: Fair, Ford, Maddox and Wilkerson.--4.

The bill passed.

HB 2632 was referred for engrossment.

Senator Gumm presiding.

PENDING CONSIDERATION OF CCR

The CCR on HB 1577 was adopted upon motion of Senator Leftwich.

HB 1577, as amended in conference, was read at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Maddox, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--45.

Excused: Ford, Milacek and Wilkerson.--3.

The bill passed.

HB 1577, together with the conference committee report thereon, was ordered returned to the Honorable House.

UNANIMOUS CONSENT REQUEST DIRECT TO CALENDAR

Senator Easley asked unanimous consent to suspend Rule 5-4 and refer **SCR 60** direct to the Calendar for consideration, which was the order.

GENERAL ORDER

SCR 60 by Easley (Mary) of the Senate and Hutchison of the House was called up for consideration.

SCR 60 was adopted upon motion of Senator Easley and referred for engrossment.

MOTION TO RECONSIDER VOTE

Senator Reynolds moved to reconsider the vote whereby **HB 2271** passed, which motion was declared adopted upon roll call as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Maddox, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--44.

Excused: Ford, Milacek, Morgan and Wilkerson.--4.

THIRD READING

Senator Reynolds moved to reconsider the vote whereby **HB 2271** was advanced, which motion was declared adopted.

GENERAL ORDER

HB 2271 by Coleman of the House and Reynolds of the Senate was called up for further consideration.

Senator Reynolds moved to amend **HB 2271**, Page 1, by restoring the enacting clause, which amendment was declared adopted.

Senator Reynolds moved that **HB 2271** be advanced, which motion was declared adopted.

THIRD READING

HB 2271 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Lerblance, Littlefield, Maddox, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--43.

Excused: Ford, Leftwich, Milacek, Morgan and Wilkerson.--5.

The bill passed.

HB 2271 was referred for engrossment.

GENERAL ORDER

HB 2568 by Morgan (Fred) et al of the House and Coffee of the Senate was called up for consideration.

Senator Coffee moved that HB 2568 be advanced, which motion was declared adopted.

THIRD READING

HB 2568 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Littlefield, Maddox, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--44.

Excused: Ford, Milacek, Morgan and Wilkerson.--4.

The bill passed.

HB 2568 was properly signed and ordered returned to the Honorable House.

GENERAL ORDER

HB 2385 by Cox of the House and Robinson of the Senate was called up for consideration.

Senator Robinson moved to amend **HB 2385**, Page 30, Line 8 through Page 32, Line 21, by deleting Section 11 and inserting in lieu thereof new Sections 11 through 17 to read as follows:

"SECTION 11. AMENDATORY 36 O.S. 2001, Section 1928, is amended to read as follows:

Section 1928. A. 1. In all cases of mutual debts or mutual credits between the insurer and another person, whether arising out of one or more contracts between the insurer and another person, in connection with any action or proceeding under this article, such credits and debts shall be offset and the balance only shall be allowed or paid, except as provided in subsection B of this section.

2. Any mutual debt or mutual credit to be offset shall be filed and approved as a claim against the insurer in accordance with Sections 1918 and 1930 of this title. Any debt or credit not filed in accordance with this paragraph shall be deemed to have been waived.

B. No offset shall be allowed if:

1. The obligation of the insurer would not, at the date of the entry of any liquidation order or otherwise as provided in Section 1925 of this title, entitle the claimant to share in the assets of the insurer;

2. The obligation of the insurer was purchased by or transferred to the claimant to be used as an offset;

3. The obligation is to pay an assessment levied against the members of a mutual insurer, or against the subscribers of a reciprocal insurer, or to pay a balance upon the subscription to the capital stock of a stock insurer;

4. The obligation of the insurer is owed to an affiliate of such person, or any other entity or association other than the person;

5. The obligation of the person is owed to an affiliate of the insurer, or any other entity or association other than the insurer; or

6. The obligation between the person and the insurer arise <u>arises</u> from business where either the person or the insurer has assumed risks and obligations from the other party and then has ceded back to that party substantially the same risks and obligations.

SECTION 12. AMENDATORY 36 O.S. 2001, Section 4030.2, is amended to read as follows:

Section 4030.2 Sections <u>16</u> <u>4030.2</u> through <u>27</u> <u>4030.13</u> of this act <u>title</u> shall be known <u>and may be cited</u> as the <u>"Standard Nonforfeiture Law for Individual Deferred Annuities"</u>.

SECTION 13. AMENDATORY 36 O.S. 2001, Section 4030.4, is amended to read as follows:

Section 4030.4 A. In the case of contracts issued on or after the effective date of this act November 1, 2000, except as provided in Section 25 4030.3 of this act title, no contract of annuity, except as stated in Section 25 4030.13 of this act title, shall be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the Insurance Commissioner are at least as favorable to the contract holder, upon cessation of payment of considerations under the contract:

1. That upon cessation of payment of considerations under a contract, the company will shall grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in Sections 28, 29, 30, 31 4030.6, 4030.7, 4030.9 and 33 4030.11 of this act title;

2. If a contract provides for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the company will shall pay in lieu of a paid-up annuity benefit a cash surrender benefit of such amount as is specified in Sections 28, 29, 31 ± 4030.6 , 4030.7, 4030.9 and 33 ± 4030.11 of this act title. The company shall may reserve the right to defer the payment of the cash surrender benefit for a period of not to exceed six (6) months after demand therefor with surrender of the contract after making written request and receiving the written approval of the Commissioner. The request shall address the necessity and equitability to all policyholders of the deferral;

3. A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of the benefits; and

4. A statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which the benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract or any prior withdrawals from or partial surrenders of the contract.

B. Notwithstanding the requirements of this section, a deferred annuity contract may provide that if no considerations have been received under a contract for a period of two (2) full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from prior considerations paid would be less than Twenty Dollars (\$20.00) monthly, the company may at its option terminate the contract by payment in cash of the then present value of the portion of the paid-up annuity benefit, calculated on the basis on the mortality table, if any, and interest rate specified in the contract for determining

the paid-up annuity benefit, and by this payment shall be relieved of any further obligation under the contract.

SECTION 14. AMENDATORY 36 O.S. 2001, Section 4030.5, as amended by Section 30, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2003, Section 4030.5), is amended to read as follows:

Section 4030.5 A. The minimum values as specified in Sections 4046.1, 4049, 4085, 4086 4030.6, 4030.7, 4030.8, 4030.9 and 4088 4030.11 of this title, of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this section.

B. With respect to contracts providing for flexible considerations, the <u>1</u>. The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at a rate rates of interest of one and one-half percent (1 1/2%) per annum of percentages as indicated in subsection C of this section of the net considerations (, as hereinafter defined), paid prior to such time, decreased by the sum of:

1. Any <u>a.</u>	any prior withdrawals from or partial surrenders of the contract
	accumulated at a rate rates of interest of one and one-half percent (1
	1/2%) per annum; indicated in subsection C of this section,
h	an annual contract charge of Fifty Dollars (\$50,00), accumulated at

- b. <u>an annual contract charge of Fifty Dollars (\$50.00), accumulated at</u> <u>rates of interest indicated in subsection C of this section,</u>
- <u>any premium tax paid by the company for the contract, accumulated at rates of interest indicated in subsection C of this section, and</u>
 <u>2. The d.</u>
 <u>the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the company to the contract.
 </u>

2. The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount not less than zero and shall be equal to the corresponding eighty-seven and one-half percent (87.5%) of the gross considerations credited to the contract during that contract year less an annual contract charge of Thirty Dollars (\$30.00) and less a collection charge of One Dollar and twenty five cents (\$1.25) per consideration credited to the contract during that contract year. The percentages of net considerations shall be sixty-five percent (65%) of the net consideration for the first contract year and eighty seven and one half percent (87.5%) of the net considerations for the second and later contract years. Notwithstanding the provisions of the preceding sentence, the percentage shall be sixty-five percent (65%) of the portion of the total net consideration for any renewal contract year which exceeds by not more than two times the sum of those portions of the net considerations in all prior contract years for which the percentage was sixty-five percent (65%).

C. With respect to contracts providing for fixed scheduled considerations, minimum nonforfeiture amounts shall be calculated on the assumption that considerations are paid annually in advance and shall be defined as for contracts with flexible considerations which are paid annually with two exceptions:

1. The portion of the net consideration for the first contract year to be accumulated shall be the sum of sixty-five percent (65%) of the net consideration for the first contract year plus twenty two and one half percent (22.5%) of the excess of the net consideration

for the first contract year over the lesser of the net considerations for the second and third contract years; and

2. The annual contract charge shall be the lesser of Thirty Dollars (\$30.00) or ten percent (10%) of the gross annual consideration.

D. With respect to contracts providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of the net consideration used to determined the minimum nonforfeiture amount shall be equal to ninety percent (90%) and the net consideration shall be the gross consideration less a contract charge of Seventy five Dollars (\$75.00).

<u>C.</u> The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent (3%) per annum and the following, which shall be specified in the contract if the interest rate will be reset:

1. The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest one-twentieth of one percent (1/20 of 1%), specified in the contract no longer than fifteen (15) months prior to the contract issue date or redetermination date under paragraph 4 of this subsection;

2. Reduced by one hundred twenty-five (125) basis points;

3. If the resulting interest rate is not less than one percent (1%); and

4. The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date.

D. During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in paragraph 2 of subsection C of this section by up to an additional one hundred (100) basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The Commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the Commissioner, the Commissioner may disallow or limit the additional reduction.

<u>E.</u> The Commissioner may adopt rules to implement the provisions of paragraph 4 of subsection C of this section and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other contracts that the Commissioner determines are justified.

SECTION 15. AMENDATORY 36 O.S. 2001, Section 4030.9, is amended to read as follows:

Section 4030.9 For the purpose of determining the benefits calculated under Sections $29 \ 4030.7$ and $30 \ 4030.8$ of this act <u>title</u>, in the case of annuity contracts under which an election may be made to have annuity payments commence at optional maturity dates, the maturity date shall be deemed to be the latest date for which election shall be permitted by the contract, but shall not be deemed to be later than the anniversary of the contract next following the annuitant's seventieth birthday or the tenth anniversary of the contract, whichever is later.

SECTION 16. AMENDATORY 36 O.S. 2001, Section 4030.12, is amended to read as follows:

Section 4030.12 For a contract which provides, within the same contract by rider or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for the life insurance portion computed as if each portion were a separate contract. Notwithstanding the provisions of Sections 28, 29, 30, 31 4030.6, 4030.7, 4030.8, 4030.9, and 33 4030.11 of this act title, additional benefits payable in the event of total and permanent disability, as reversionary annuity or deferred reversionary annuity benefits, or as other policy benefits additional to life insurance, endowment and annuity benefits, and considerations for all such additional benefits, shall be disregarded in ascertaining the minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits that may be required by this act the Standard Nonforfeiture Law for Individual Deferred Annuities. The inclusion of such benefits shall not be required in any paid-up benefits, unless the additional benefits separately would require minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits.

SECTION 17. AMENDATORY 36 O.S. 2001, Section 4030.13, is amended to read as follows:

Section 4030.13 After the effective date of this act Beginning November 1, 2004, a company may file with the Insurance Commissioner a written notice of its election to comply with the elect to apply its provisions of this act after a specified date before the second anniversary of the effective date of this act to annuity contracts filed and approved before November 1, 2004, on a form-by-contract-form basis. Annuity contracts filed for approval and to be issued on or before November 1, 2004, must comply with the provisions of the Standard Nonforfeiture Law for Individual Deferred Annuities. After the filing of notice, then upon the specified date, which shall be the operative date of this act for that company, this act In all other instances, the Standard Nonforfeiture Law for Individual Deferred Annuities shall be company. If a company makes no election, the operative date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act for the company shall be the second anniversary of the effective date of this act after November 1, 2006."

"An Act relating to insurance; amending 36 O.S. 2001, Sections 311, as last amended by Section 1, Chapter 150, O.S.L. 2003 and 321, as amended by Section 3, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2003, Sections 311 and 321), which relate to the Insurance Department; providing conditions for renewal of license or certificate of authority; adding certain entities and contracts to fee list; exempting certain filings from fees; requiring domestic insurers to keep certain information current; defining term; amending 36 O.S. 2001, Sections 629 and 630, which relate to authorization of insurance companies; changing term insurer to insurance company; amending 36 O.S. 2001, Section 903, which relates to rating organizations; modifying definition of homeowner's insurance to exclude certain dwellings; amending 36 O.S. 2001, Section 1250.2, as amended by Section 53, Chapter 197, O.S.L. 2003 (36 O.S. Supp. 2003, Section 1250.2), which relates to the Unfair Claims Settlement Practices Act; modifying definition of Insurer to include certain organizations; amending 36 O.S. 2001, Sections 1435.6, as amended by Section 13, Chapter

307, O.S.L. 2002 and 1435.13 (36 O.S. Supp. 2003, Section 1435.6), which relate to the Oklahoma Producer Licensing Act; allowing for retesting after thirty days; prohibiting waiver of fees; allowing for revocation of license if censured or placed on probation in other jurisdiction; amending 36 O.S. 2001, Section 1450, which relates to the Third-party Administrator Act; requiring partners in entity to be licensed; requiring notification of termination; amending 36 O.S. 2001, Section 1928, which relates to offsets; deleting certain filing requirement; amending 36 O.S. 2001, Sections 4030.2, 4030.4, 4030.5, as amended by Section 30, Chapter 307, O.S.L. 2002, 4030.9, 4030.12 and 4030.13 (36 O.S. Supp. 2003, Section 4030.5), which relate to the Standard Nonforfeiture Law for Individual Deferred Annuities; correcting statutory cites; modifying conditions for approval of annuity contracts; modifying certain minimum nonforfeiture amounts; modifying operative dates; amending 36 O.S. 2001, Sections 6532, as amended by Section 1, Chapter 439, O.S.L. 2002, 6534, as amended by Section 2, Chapter 439, O.S.L. 2002 and 6542, as amended by Section 7, Chapter 439, O.S.L. 2002 (36 O.S. Supp. 2003, Sections 6532, 6534 and 6542), which relate to the Health Insurance High Risk Pool Act; modifying definition of federally defined eligible individual; modifying eligibility requirements to include certain individuals; expanding eligibility for coverage to certain persons; providing exemption from preexisting conditions limitation for certain persons; repealing 36 O.S. 2001, Section 1435.38, which relates to the Oklahoma Producer Licensing Act; providing for codification; providing an effective date; and declaring an emergency.", which amendment was declared adopted.

Senator Robinson moved that **HB 2385** be advanced, which motion was declared adopted.

THIRD READING

HB 2385 was read for the third time at length.

On the question of passage of the bill and emergency, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson and Williams.--42.

Excused: Ford, Littlefield, Milacek, Morgan, Wilkerson and Williamson.--6.

The bill and emergency passed.

Pursuant to Rule 12-23, Senator Robinson served notice that the vote be reconsidered whereby **HB 2385** passed.

PENDING SENATE ACTION HOUSE REQUEST FOR CONFERENCE

Upon motion of Senator Fisher, the request of the Honorable House for conference on the following bills was ordered granted and Senate conference to be named later:

HB 2373 HB 2616

GENERAL ORDER

HB 2718 by Calvey and Cargill of the House and Reynolds of the Senate was called up for consideration.

Senator Reynolds moved to amend **HB 2718**, Page 4, Lines 17 through 22, by deleting subsection C and Page 1, by restoring the title, which amendment was declared adopted.

Senator Reynolds moved that **HB 2718** be advanced, which motion was declared adopted.

THIRD READING

HB 2718 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Capps, Coates, Coffee, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Milacek, Monson, Myers, Nichols, Price, Pruitt, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--41.

Nay: Cain and Rabon.--2.

Excused: Corn, Ford, Littlefield, Morgan and Wilkerson.--5.

The bill passed.

HB 2718 was referred for engrossment.

EXECUTIVE NOMINATION

The following executive nomination has been approved by the committee named:

Meyers, Karl L., Fort Gibson, to the State Board of Career and Technology Education, to serve an initial term ending April 1, 2005, succeeding a new position. (Education Committee) Motion to confirm made by Senator Robinson.

Motion to confirm the above-named executive nomination was declared adopted upon roll call as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Milacek, Monson, Myers, Nichols, Price, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson and Williams.--42.

Excused: Ford, Littlefield, Morgan, Pruitt, Wilkerson and Williamson.--6.

Senator Robinson presiding.

MESSAGE FROM THE HOUSE

Advising passage of and returning the following Engrossed resolutions:

SCR 54 - coauthored by Deutschendorf of the HouseSCR 57SJR 47 - coauthored by all other House members

The above-numbered measures were referred for enrollment.

GENERAL ORDER

HB 2691 by Ferguson of the House and Corn of the Senate was called up for consideration.

Senator Corn moved that HB 2691 be advanced, which motion was declared adopted.

THIRD READING

HB 2691 was read for the third time at length.

On the question of passage of the bill and emergency, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Coffee, Corn, Crutchfield, Dunlap, Easley, Fair, Fisher, Gumm, Harrison, Helton, Hobson, Horner, Johnson, Kerr,

Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Milacek, Monson, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Robinson, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--44.

Excused: Ford, Littlefield, Morgan and Wilkerson.--4.

The bill and emergency passed.

HB 2691 was referred for engrossment.

GENERAL ORDER

HB 2140 by Hastings of the House and Smith of the Senate was called up for consideration.

Senator Smith asked that **HB 2140** be laid over for this legislative day, which was the order.

HB 2140 remains on General Order.

Senator Rabon presiding.

GENERAL ORDER

HB 2542 by Carey and Dorman of the House and Gumm of the Senate was called up for consideration.

Senator Gumm moved that **HB 2542** be advanced, which motion was declared adopted.

THIRD READING

HB 2542 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Branan, Cain, Capps, Coates, Corn, Crutchfield, Fisher, Gumm, Harrison, Helton, Hobson, Kerr, Laster, Leftwich, Lerblance, Maddox, Milacek, Monson, Price, Rabon, Rozell, Shurden, Smith, Taylor and Williamson.--25.

Nay: Aldridge, Brogdon, Dunlap, Easley, Johnson, Laughlin, Lawler, Myers, Nichols, Pruitt, Reynolds, Riley, Snyder and Wilcoxson.--14.

Excused: Coffee, Fair, Ford, Horner, Littlefield, Morgan, Robinson, Wilkerson and Williams.--9.

The bill passed.

Senators Nichols, Lawler, Myers, Wilcoxson, Dunlap, Snyder and Riley desired to vote Aye on the emergency.

On the question of passage of the emergency, the vote resulted as follows: Aye: 32; Nay: 7; Excused: 9.

The emergency passed.

HB 2542 was referred for engrossment.

PENDING CONSIDERATION OF HAS

HAs to SBs 472, 1146 and 1236 were rejected upon motion of Senator Fisher, conference requested, and Senate conference to be named later.

Senator Gumm presiding.

GENERAL ORDER

HB 2630 by Braddock et al of the House and Helton of the Senate was called up for consideration.

Senator Aldridge asked to coauthor **HB 2630**, which was the order.

Senator Helton moved that HB 2630 be advanced, which motion was declared adopted.

THIRD READING

HB 2630 was read for the third time at length.

On the question of passage of the bill and emergency, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Crutchfield, Dunlap, Easley, Fisher, Gumm, Harrison, Helton, Hobson, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Monson, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Riley, Rozell, Shurden, Smith, Snyder, Taylor, Wilcoxson, Williams and Williamson.--39.

Excused: Coffee, Corn, Fair, Ford, Horner, Littlefield, Milacek, Robinson and Wilkerson.--9.

The bill and emergency passed.

HB 2630 was referred for engrossment.

UNANIMOUS CONSENT REQUEST WITHDRAWN FROM CALENDAR

Senator Fisher asked unanimous consent, which was granted, that **SB 442** be stricken from the Calendar.

GENERAL ORDER

HB 1571 by Harrison et al of the House and Rabon and Fair of the Senate was called up for consideration.

Senator Rabon moved that HB 1571 be advanced, which motion was declared adopted.

THIRD READING

HB 1571 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Aldridge, Branan, Brogdon, Cain, Capps, Coates, Corn, Crutchfield, Dunlap, Easley, Fisher, Gumm, Harrison, Helton, Hobson, Johnson, Kerr, Laster, Laughlin, Lawler, Leftwich, Lerblance, Maddox, Morgan, Myers, Nichols, Price, Pruitt, Rabon, Reynolds, Rozell, Shurden, Smith, Snyder, Wilcoxson and Williams.--36.

Excused: Coffee, Fair, Ford, Horner, Littlefield, Milacek, Monson, Riley, Robinson, Taylor, Wilkerson and Williamson.--12.

The bill passed.

HB 1571 was referred for engrossment.

GENERAL ORDER

HB 2416 by Stanley of the House and Shurden of the Senate was called up for consideration.

Senator Rabon moved to amend **HB 2416**, Page 2, Line 13 ¹/₂, by inserting a new Section 2 to read as follows:

"SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 205.9 of Title 3A, unless there is created a duplication in numbering reads as follows:

Notwithstanding any provision of the Smoking in Public Places and Indoor Workplaces Act, the premises of any organization licensee as defined in the Oklahoma Horse Racing Act shall not be subject to the provisions of Section 1247 of Title 21 of the Oklahoma Statutes or the provisions of the Smoking in Public Places and Indoor Workplaces Act." and by renumbering subsequent section and amending the title to conform, which amendment was declared adopted.

Senator Shurden moved that **HB 2416** be advanced, which motion was declared adopted.

THIRD READING

HB 2416 was read for the third time at length.

On the question of passage of the bill, the vote resulted as follows:

Aye: Cain, Capps, Coates, Corn, Crutchfield, Dunlap, Fisher, Gumm, Harrison, Helton, Hobson, Kerr, Laster, Lawler, Lerblance, Maddox, Morgan, Nichols, Rabon, Riley, Rozell, Shurden, Smith, Snyder and Williams.--25.

Nay: Aldridge, Branan, Brogdon, Easley, Johnson, Laughlin, Myers, Price, Pruitt, Wilcoxson and Williamson.--11.

Excused: Coffee, Fair, Ford, Horner, Leftwich, Littlefield, Milacek, Monson, Reynolds, Robinson, Taylor and Wilkerson.--12.

The bill passed.

Senators Pruitt and Branan desired to vote Aye on the emergency.

On the question of passage of the emergency, the vote resulted as follows: Aye: 27; Nay: 9; Excused: 12.

The emergency failed.

HB 2416 was referred for engrossment.

Senator Fisher moved that when the clerk's desk is clear, the Senate stand adjourned to convene Wednesday, April 21, 2004, at 10:30 a.m., which motion prevailed.

MESSAGE FROM THE GOVERNOR

Advising his approval April 20, 2004, of Enrolled SBs 900, 1153, 1489, 1523, 1546 and 1574.

Pursuant to the Fisher motion, the Senate adjourned at 4:05 p.m. to meet Wednesday, April 21, 2004, at 10:30 a.m.