

ENGROSSED HOUSE  
BILL NO. 1513

BY: WILLIAMS of the HOUSE

and

FISHER of the SENATE

AN ACT RELATING TO PUBLIC FINANCE; ENACTING THE  
MUNICIPAL AND COUNTY INDUSTRIAL DEVELOPMENT BONDS  
ACT; STATING LEGISLATIVE DECLARATION; DEFINING  
TERMS; SETTING REQUIREMENTS AND TERMS ASSOCIATED  
WITH THE ISSUING AND SALE OF CERTAIN BONDS;  
PROVIDING FOR CODIFICATION; AND DECLARING AN  
EMERGENCY.

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 800 of Title 62, unless there is  
created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Municipal and  
County Industrial Development Bonds Act".

SECTION 2. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 801 of Title 62, unless there is  
created a duplication in numbering, reads as follows:

The Legislature hereby finds and declares that there is a need  
to establish terms regarding the sale and issuance of bonds  
authorized to be issued under Section 35 of Article X of the  
Oklahoma Constitution by municipalities and counties for industrial

development, which are hereby declared to be essential to the economic well-being of the state.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 802 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in the Municipal and County Industrial Development Bonds Act:

1. "Amortization" means the reduction of bonded indebtedness by making annual or fiscal year payments of principal and interest sufficient to pay off bonds by their stated maturity;

2. "Annual maturing principal plus interest shall be as nearly equal as practicable throughout the term of the issue" means that the total annual or fiscal year debt service, except for short periods, must be approximately equal for every annual or fiscal period, provided each net annual or fiscal year debt service payment in relation to all other net annual or fiscal year payments must be made within a dollar amount range not to exceed twice the stated denomination of the bonds;

3. "Debt service" means money required, pursuant to the terms of issuance, for payments of principal and interest due on outstanding bonds;

4. "Level principal debt service payments" means the amount of principal retired annually or during a fiscal year with respect to outstanding bonds shall be equal;

5. "Short periods" means the period of time preceding the beginning of full amortization of principal and interest due on bonds;

6. "True interest cost" means the rate used to discount the amounts payable on the respective principal and interest maturity dates which yields a result equal to the purchase price received for bonds; and

7. "Ultimate user" means the industry on whose behalf bonds are issued.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803 of Title 62, unless there is created a duplication in numbering, reads as follows:

Whenever any municipality or county of this state votes any bonds or refunding bonds pursuant to Section 35 of Article X of the Oklahoma Constitution, such bonds shall be subject to the following requirements:

1. The bonds must be issued in denominations of One Hundred Dollars (\$100.00) or multiples thereof, except that the first numbered bond may be for such odd amount as will complete the full issue of the bonds;

2. The average coupon rate of the bonds shall not exceed fourteen percent (14%) per annum;

3. The principal shall begin to mature not more than five (5) years after the dated date of the issue;

4. The bonds must have a final maturity no later than thirty (30) years after their date of issuance; and

5. A verification from the Administrator of the Oklahoma Department of Securities that all persons receiving compensation, directly or indirectly, for providing advice to a municipality or county with regard to the Municipal and County Industrial Development Bonds Act are appropriately registered with the Oklahoma Department of Securities as investment advisers or investment adviser representatives, as applicable, and that all persons receiving compensation, directly or indirectly, for the placement of the bonds are registered as broker-dealers or agents, as applicable.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 804 of Title 62, unless there is created a duplication in numbering, reads as follows:

Except as otherwise provided in the Municipal and County Industrial Development Bonds Act, bonds sold pursuant to Section 35 of Article X of the Oklahoma Constitution shall be issued pursuant to the following terms:

1. Bonds may be sold for not less than ninety-eight percent (98%) of par with accrued interest added. All commissions allowed any firms, persons, or corporations for the sale of the bonds, after deducting from the sum total for which the bonds are sold, must leave in the treasury a sum equal to ninety-eight percent (98%) of the par value and accrued interest thereof;

2. The bonds must be made to mature in installments so that the annual maturing principal plus interest is as nearly equal as practicable throughout the term of the issue, or provide for level principal debt service payments, which provide for principal on the bonds to mature in equal annual installments, except that the first maturing installment may be for such sum, not more than one installment and the last maturing installment may be for such sum not more than two installments, as will complete the full issue of the bonds notwithstanding the necessity of varying the amount thereof to complete the same;

3. Whenever bonds shall be made or ordered by any municipality or county, the proper officers, before selling the bonds, shall cause at least ten (10) days' notice to be given of the time and place when and where bids therefor will be received. The notice shall be signed by the county clerk if issued by a county, and by the clerk of the municipality if issued by a municipality, and shall be published once a week for two (2) consecutive weeks in a legally qualified newspaper published in such political subdivision. The date mentioned in the notice for the sale of the bonds shall not be less than ten (10) days after the first publication thereof; and

4. The bonds must be awarded to the lowest true interest cost bidder who will pay therefor at least ninety-eight percent (98%) of

par plus accrued interest. Bidders shall indicate the true interest cost of their bid. Upon the acceptance of a bid, the bonds shall be issued in accordance therewith and shall be delivered to the purchaser upon payment of the purchase price of the bonds. Each bidder shall submit with the bid a sum in cash or its equivalent, equal to two percent (2%) of the bid, and upon the acceptance of any bid, the deposit becomes the property of the county or municipality selling the bonds, and shall be credited on the purchase price of the bonds or returned upon payment in full of the purchase price, upon the understanding that if the purchaser fails for five (5) days after tender of the bonds to pay the balance of the purchase price, the sale is annulled and the deposit is retained by the governing body of the county or municipality and credited to the account for which the bonds are being issued and shall be used accordingly. No tender of the bonds to the purchaser is valid until after the expiration of the period of contestability, as now provided by law. All other deposits shall be returned. The governing body selling the bonds shall have the right to reject all bids and readvertise the bonds for sale.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 12th day of March, 1991.

Speaker of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 1991.

President of the Senate