

ENGROSSED SENATE
BILL NO. 38

BY: GILES of the SENATE

and

WILLIAMS of the HOUSE

[PUBLIC FINANCE - STATE GOVERNMENT - AMENDING 74
O.S., SECTION 5003.7 - POWER AND DUTIES OF OKLAHOMA
DEPARTMENT OF COMMERCE - CODIFICATION -

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

A. There is hereby created a Long-Range Capital Planning Commission to advise and assist the Legislature in providing for capital facilities in this state. The Commission shall consist of nine (9) members as follows:

1. Three members shall be appointed by the President Pro Tempore of the Senate to serve at his pleasure. Of these appointees one shall be a member of the Senate and two shall be from the public at large;

2. Three members shall be appointed by the Speaker of the House of Representatives to serve at his pleasure. Of these appointees

one shall be a member of the House of Representatives and two shall be from the public at large; and

3. Three members shall be from the public at large and shall be appointed by the Governor for terms of six (6) years. Provided, at the time of initial appointment of these members, the Governor shall provide for staggered terms by appointing one member for a term of six (6) years, one member for a term of four (4) years and one member for a term of two (2) years. Any vacancy among the members appointed by the Governor shall be filled in the same manner as the original appointment, but for the unexpired term only.

A chairman of the Commission shall be designated by, and serve at the pleasure of, the Governor from among the members which he has appointed. Members of the Commission shall serve without compensation, but all public members shall be entitled to reimbursement, pursuant to the State Travel Reimbursement Act, for expenses incurred in the performance of their duties.

Initial appointments to the Commission shall be made within ninety (90) days of the effective date of this act.

B. The Oklahoma State Bond advisor shall provide staffing for the Commission and such other assistance as the Commission requires.

C. 1. The Commission shall prepare each year, with the cooperation of state, regional and local governments, agencies, boards or other bodies with responsibilities for public facilities or for public facility planning, a state capital plan for addressing state, regional and local public capital facility needs for the ensuing five (5) years. Beginning December 1, 1991, the plan shall be submitted to the Governor and Legislature no later than December 1 of each year. The capital plan should supplement and integrate, not replace, existing capital planning processes at the state, regional or local level. The plan shall assess long-term needs for capital facilities provided by both state and local governments as determined by the Commission, and shall include:

- a. an inventory of capital facilities held by state and local governments, and special purpose and quasi-municipal districts, including such information as is reasonably available on the physical and economic condition of these assets,
- b. a projection of economic and demographic trends likely to influence the needs for new or expanded capital facilities, and an analysis of the relationship between capital needs and the five-year Economic Development Plan approved by Oklahoma Futures,
- c. an estimate of mandatory, essential, desirable, and deferrable repair, replacement and expansions,
- d. estimates of life cycle costs for new and substantially expanded or renovated facilities. Life cycle costs shall include the cost of construction, financing, repair and maintenance,
- e. an analysis of recent trends and projections of revenues available from general and revenue obligation bonds, general and dedicated taxes used for capital facilities finance, user fees, the federal government and other sources,
- f. an analysis of the capacity of the state and local governments to incur debt or finance public capital facilities,
- g. a detailed list of all capital projects of the state which the Commission recommends be undertaken or continued for any state agency in the next two (2) fiscal years, together with information as to the effect of such capital projects on future operating expenses of the state, and with recommendations as to the priority of such capital projects and the means of funding them,

- h. the forecasts of the Commission as to the requirements for capital projects of state agencies for the three (3) fiscal years next following such two (2) fiscal years and for such additional periods, if any, as may be necessary or desirable for adequate presentation of particular capital projects, and a schedule for the planning and implementation or construction of such capital projects,
- i. a schedule for the next fiscal year of recommended projects,
- j. a review of capital projects which have recently been implemented or completed or are in process of implementation or completion,
- k. recommendations as to the maintenance of physical properties and equipment of state agencies, and
- l. such other information as the Commission deems relevant to the foregoing matters.

2. The Governor shall prepare at the same time as the state budget document is prepared, a capital budget. The capital budget shall be prepared and submitted by the Governor or Governor-elect in accordance with the procedures for preparing the state budget document. The capital budget shall embrace all expenditures of the state government for facilities and equipment and all revenues to be raised for purpose of meeting expenditure commitments during the ensuing fiscal year and shall include the following:

- a. the capital budget shall indicate for each expenditure and class of expenditures, the costs to be incurred during the ensuing fiscal year, plus where appropriate, the annual operating and maintenance costs of such facilities and a schedule of depreciation calculated in accordance with the

principles and standards of capital budgeting authorized by paragraph 3 of this subsection,

- b. the capital budget shall indicate the revenues and sources required to meet projected expenditures.

Revenue sources to be indicated include, but are not limited to: the General Revenue Fund, the Transportation Fund, any special funds, proceeds of bond sales, federal funds, local government revenues or other sources. Where additional revenues in the form of additional taxes, user fees or new bond issues are proposed to meet expenditure requests, these shall be indicated, and

- c. the capital budget shall be based upon the capital plan and indicate the relationship between the proposals contained in the capital budget and the capital plan.

3. The Office of State Finance, in cooperation with the Oklahoma State Bond Advisor, shall prepare and publish guidelines that set forth principles and standards for capital planning and budgeting to be used by state agencies. The guidelines shall set forth definitions of relevant terms to be used in the capital planning and budgeting processes, establish accounting standards and standards for costs and benefits of public facility investments.

D. 1. The Commission and the Oklahoma State Bond Advisor shall be entitled to call to their assistance such personnel or any state agency, municipality or political subdivision as they may require in order to perform their duties hereunder. The Office of State Finance and other state agencies shall also assist the Commission in the performance of its functions. The Commission may make use of existing studies, surveys, plans, data and other materials in the possession of any state agency or any municipality or political subdivision of this state. Each such agency, municipality or

subdivision is hereby authorized to make the same available to the Commission so that the Commission may have available to it current information with respect to the capital plans and programs of each such agency, municipality or subdivision.

2. The officers and personnel of any state agency, municipality or political subdivision, and any other person may serve at the request of the Commission upon such advisory committees as the Commission may create and such officers and personnel may serve upon such committees without forfeiture of office or employment and with no loss or diminution of the compensation, status, rights and privileges which they otherwise enjoy.

E. 1. There is hereby created the Policy Advisory Committee to the Commission to meet no less than once a year or at the call of the chairman of the Commission.

2. The purposes and responsibilities of the Policy Advisory Committee shall be:

- a. to counsel and otherwise assist the Commission on the development of the capital plan, and
- b. to review and comment on the capital plan and make recommendations to the Commission concerning capital planning and debt management issues as deemed appropriate by the Committee.

3. The Policy Advisory Committee shall be composed of the members of the Bond Oversight Commissions and the chief executive officer or fixed designate from each of the following entities; provided, designated members shall be appointed by each chief executive officer for a term certain which shall not be less than one (1) year:

- a. Association of County Commissioners of Oklahoma,
- b. Oklahoma Municipal League,
- c. State Department of Transportation,
- d. Oklahoma Turnpike Authority,

- e. Office of Public Affairs,
- f. Oklahoma Water Resources Board,
- g. Department of Human Services,
- h. Department of Corrections,
- i. Department of Mental Health,
- j. Oklahoma Tourism and Recreation Department,
- k. Department of Education,
- l. Oklahoma State Regents for Higher Education,
- m. State Department of Health,
- n. State Department of Agriculture,
- o. Department of Vocational and Technical Education,
- p. Oklahoma Association of Regional Councils, and
- q. Such other members as determined by the Commission.

SECTION 2. AMENDATORY Section 20, Chapter 207, O.S.L. 1986, as last amended by Section 57, Chapter 236, O.S.L. 1987 (74 O.S. Supp. 1990, Section 5003.7), is amended to read as follows:

Section 5003.7 A. The Oklahoma Department of Commerce shall prepare, with the cooperation of the Oklahoma business community, agricultural community, financial community, universities, labor and the state executive and legislative branches, a five-year economic development plan and annual updates for the State of Oklahoma. The recurring five-year economic development plan and annual updates shall be subject to the approval of Oklahoma Futures.

1. The purpose of the plan shall be to identify significant economic, social, and demographic trends which may have both short-term and long-term impacts on the state and local economy and to present strategies and recommendations that the state and local political subdivisions might adopt to improve or stabilize the economy.

2. The goals of the plan shall include the development of a diversified state economy, increasing employment, the maximum use of federal, state and local funds to achieve the goals or

recommendations included in the plan, the maximum investment of capital in the economy of the state, and the improvement of the quality of life in the state.

3. The plan wherever possible shall make recommendations to encourage intergovernmental cooperation and public and private cooperation.

4. Copies of the plan and the annual updates shall be submitted to the Oklahoma Advisory Committee on Intergovernmental Relations, the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the chairmen of the standing committees on economic development of the Senate and of the House of Representatives in the annual report of Oklahoma Futures.

5. The Department shall develop and manage a complete economic information system which will support the five-year planning process, and which will make available complete and timely information on the state economy. The economic information system shall be operated by public or private Oklahoma universities or an Oklahoma enterprise capable of providing such services in a cost-effective manner.

B. The Oklahoma Department of Commerce shall have the power and duty to develop and manage an Economic Innovation System, a decentralized statewide partnership, by responsively and innovatively coordinating technical assistance, grant and loan programs, with local, state, federal and private sector activities into a single statewide system.

~~C. The Oklahoma Department of Commerce shall have the power and duty to develop public works physical and financial planning capabilities to establish a statewide public works planning process that is accessible by local planners, that is objective, and that is managed by people highly skilled in all aspects of infrastructure planning.~~

~~D.~~ C. The Department, in conjunction with the Oklahoma Development Finance Authority, is authorized to develop an infrastructure program which will enable political subdivisions of this state to finance public works projects in order to modify or improve existing public facilities for purposes of bringing said facilities, and the operation thereof, into compliance with and maintaining compliance with federal, state and local laws and regulations pertaining to the protection of the public health and the environment.

~~E.~~ D. The Director shall develop an annual business plan for the Department. The business plan shall be submitted to Oklahoma Futures for its review and comment and shall be included in the annual report of Oklahoma Futures. The business plan shall include the need and mission of each division of the Department created by law or the Director and an analysis of past costs and benefits and future projected costs and benefits to the state of the programs of each division of the Department. The business plan shall be consistent with the goals of the recurring five-year plan specified in this section. Oklahoma Futures shall review and comment upon such plan before it is implemented. The Director shall distribute copies of the business plan by such means that will make it widely available to communities, firms and local economic development managers throughout this state.

SECTION 3. 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 Senate the 11th day of March, 1991.

President of the Senate

Passed the House of Representatives the ____ day of
_____, 1991.

Speaker of the House of
Representatives