

ENROLLED SENATE
BILL NO. 460

BY: HOBSON of the SENATE

and

CROCKER, PILGRIM and BENSON
of the HOUSE

AN ACT RELATING TO PUBLIC FINANCE; AMENDING 62 O.S. 1981, SECTIONS 353 AND 431, WHICH RELATE TO CERTAIN GENERAL OBLIGATION BONDS; ALLOWING INSTALLMENT AMOUNTS OF MATURING BONDS VOTED OR ISSUED AFTER CERTAIN DATE TO BE STRUCTURED WITH LEVEL DEBT SERVICE PAYMENTS; DEFINING TERMS; CONFORMING LANGUAGE; MODIFYING FORMULA FOR DETERMINING AMOUNT OF ANNUAL LEVY FOR CERTAIN SINKING FUND; CLARIFYING LANGUAGE; INCLUDING ADDITIONAL SECTION OF CONSTITUTION UNDER CERTAIN PROVISIONS; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY 62 O.S. 1981, Section 353, is amended to read as follows:

Section 353. ~~Whenever~~ A. Except as provided for in subsection B of this section, whenever any municipal corporation or political subdivision of the State of Oklahoma shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354, ~~Title 62, Oklahoma Statutes 1961 of this title~~ shall be made to mature in equal annual installments, beginning not less than two (2) nor more than five (5) years after their date, 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 such bonds notwithstanding the necessity of varying the amount thereof to complete the same.

B. 1. On and after the effective date of this act, whenever any municipal corporation or political subdivision of the State of Oklahoma shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354 of this title, may be made to mature pursuant to a schedule of annual installments which allows the bonds to be structured with level debt service payments. Such bonds shall mature beginning not less than two (2) years nor more than five (5) years after their date.

2. For purposes of this subsection:

a. "level debt service" means that net total annual or fiscal debt service, except for short or stub periods, must be approximately equal for every annual or fiscal period, provided that all net annual or fiscal payments must be within a dollar amount range not to exceed twice the stated denomination of the bonds, and

b. "short or stub periods" means the period preceding the beginning of full amortization of principal and payment of interest.

C. The denomination of said bonds issued pursuant to the provisions of this section shall be One Hundred Dollars (\$100.00) or multiples thereof, not exceeding One Hundred Thousand Dollars (\$100,000.00) except the first numbered bond may be for such odd amount as will complete the full issue of said bonds.

SECTION 2. AMENDATORY 62 O.S. 1981, Section 431, is amended to read as follows:

Section 431. A. It shall be the duty of the officers of each municipal corporation in the State of Oklahoma by law authorized to levy taxes to make a levy each year for a sinking fund, which shall, with cash actually on hand and lawful investments in such fund, excluding taxes in process of collection, be sufficient to pay:

~~(1) all~~ 1. All the bonded indebtedness of such municipality coming due in the following years, prior to April 1 of the second ensuing fiscal year for which no prior levy has been made;

~~(2) the~~ 2. The interest accrued but unpaid and to accrue on all outstanding bonds of such municipality to June 30th of such the ensuing fiscal year, but including;

3. A sinking fund to pay any interest falling due payable on the last and final bond maturity occurring coming due after such June 30th but before the tax levy of the succeeding fiscal year may be made and collected;

~~(3) a~~ 4. A sum, after reserving from said cash and investments on hand for bond and bond-interest accruals as aforesaid and judgment accruals theretofore levied for bonds unpaid, equal to one-third (1/3) of the original amount of all outstanding judgments against the municipality when one-third (1/3) or more of such judgment remains due and unpaid, and in case less than one-third (1/3) of such judgment remains due then for the entire amount of such judgment yet remaining unpaid, (4); and

~~the~~ 5. The interest accrued but unpaid and to accrue on all unsatisfied judgments within such the ensuing fiscal year but not beyond June 30th of such year.

B. The foregoing formula shall be applied by said taxing officials each year in determining the amount necessary to raise by tax levy for sinking fund purposes, independently of actions taken in previous years; and, if by omission to make a levy which could have been validly made for any judgment, bonds or interest coupons, or where from any cause the cash and valid investments in the sinking fund does not equal the accrual liabilities, it shall be the duty of said taxing officials to readjust the annual bond accrual in accordance with the foregoing formula in order that said bonds shall be paid when due, save and except only that where the cash and valid investments in the sinking fund at the close of any fiscal year, after reserving for interest accrued and accruing under the priority therefor as contained in Section 28 of Article X of the Oklahoma Constitution, is insufficient to pay and retire any bonds matured or to mature before another tax levy may be made and collected and no action has been instituted to refund such matured bonds or to convert them to judgment, it shall be the duty of said taxing officials to include, in addition to interest thereon or aforesaid, an accrual therefor in an amount equal to the bonds so matured or to mature or the annual accrual first lawfully applicable to the issue thereof, whichever is the lesser.

C. It is the sole intention of this act section to require that the pledge contained in Sections 26 and, 27 and 35 of Article X of the Oklahoma Constitution, be fulfilled, and that sinking funds be

applied as provided by Section 28~~7~~ of Article X~~7~~ of the Oklahoma Constitution.

SECTION 3. This act shall become effective July 1, 1991.

SECTION 4. 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 12th day of March, 1991.

President of the Senate

Passed the House of Representatives the 4th day of April, 1991.

Speaker of the House of Representatives