

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 1577

By: Hamilton (James)

COMMITTEE SUBSTITUTE

An Act relating to schools; providing for issuance of certain school bonds; defining terms; providing for guarantee; prohibiting certain approval; providing for procedures; providing for screening and certain investigations; providing for approval process; requiring certain notification; requiring certain transfers, payments and bond cancellations; providing for certain interagency agreements; providing for nonacceleration of certain bonds; providing for certain requirements for application and utilization; authorizing certain withholdings; providing for deposits; providing for promulgation of rules; providing for approval and effect of act; providing for codification; and providing an effective date.

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 15-201 of Title 70, unless there is created a duplication in numbering, reads as follows:

For the purposes of this act:

1. "School bonds" means bonds issued pursuant to the provisions of Sections 15-101 through 15-109 of Title 70 of the Oklahoma Statutes;

2. "Commissioners" means Commissioners of the Land Office of the State of Oklahoma;

3. "Fund" means permanent school fund for the support of common schools of the State of Oklahoma.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-202 of Title 70, unless there is created a duplication in numbering, reads as follows:

On approval by the Commissioners, bonds issued pursuant to Sections 15-101 through 15-109 of Title 70 of Oklahoma Statutes are guaranteed by the corpus of the permanent school fund for the support of common schools.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-203 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Commissioners shall not approve bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to two times the cost value or market value, whichever is less, of the permanent school fund, exclusive of real estate as calculated by the annual audit of the Commissioners of the Land Office.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-204 of Title 70, unless there is created a duplication in numbering, reads as follows:

A school district seeking the guarantee of eligible bonds shall apply to the Commissioners on an application which must include:

1. The name of the school district and the principal amount of the bonds to be issued;
2. The maturity schedule, estimated interest rate and date of the bonds; and
3. Any other information as deemed necessary and appropriate by the Commissioners of the Land Office.

The application must be accompanied by a fee set by the Commissioners in an amount to cover costs of administering the guarantee program. The Commissioners and the State Bond Advisor shall enter into an interagency agreement in order to administer their responsibilities pursuant to the provisions of this act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-205 of Title 70, unless there is created a duplication in numbering, reads as follows:

It shall be the duty of the State Bond Advisor to screen and administer and to investigate the bond applications and to advise

the Commissioners of the validity and viability of the guarantee application.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-206 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Any district applying to utilize the provisions of this act for its bonded indebtedness shall:

1. Be certified by the State Department of Education to be in good standing;

2. Verify to the Commissioners that the bond issue involved will not increase any limitation provided by law; and

3. Comply with such criteria or other requirements deemed necessary by the Commissioners.

B. No guarantee of bonds shall be effective unless approved by a majority of the Commissioners.

When approved by the Commissioners, the Chairman or Vice Chairman of the Commissioners shall endorse bonds approved for guarantee.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-207 of Title 70, unless there is created a duplication in numbering, reads as follows:

Immediately following a determination that a school district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, but not later than the fifth day before maturing date, the district shall notify the State Bond Advisor and the Commissioners of the Land Office.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-208 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Immediately following receipt of notice, the Commissioners shall cause to be transferred from the permanent school fund the amount necessary to pay the maturing or matured principal or interest.

B. Immediately following receipt of the funds for payment of the principal or interest, the paying agent shall pay the amount

due and forward the canceled bond or coupon to the State Treasurer who shall hold the canceled bond or coupon on behalf of the fund.

C. Following full reimbursement to the fund with interest, the State Treasurer shall further cancel the bond or coupon and forward it to the school district for which the payment was made.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-209 of Title 70, unless there is created a duplication in numbering, reads as follows:

If a school district fails to pay principal or interest on a guarantee bond when it matures, other amounts not yet mature are not accelerated and do not become due by virtue of the school district default.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-210 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. If the Commissioners make payment from the fund on behalf of a school district, the Commissioners and Comptroller of Public Accounts shall withhold from any trust fund apportionment or other public fund normally payable to the school district the amount paid, plus interest.

B. The amount withheld shall be deposited to the credit of the permanent school fund.

C. Immediately following any payments from the fund on behalf of a school district pursuant to this section, the Commissioners shall notify the State Treasurer of the payment for purposes of taking any action as is required by Section 8 of this act.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-211 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Commissioners of the Land Office shall adopt rules necessary for the administration of the bond guarantee program.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15-212 of Title 70,

unless there is created a duplication in numbering, reads as follows:

This act shall become effective only if the state approves a constitutional amendment authorizing and implementing this act of the Legislature.

SECTION 13. This act shall become effective September 1, 1993.

44-1-9543

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