

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

COMMITTEE SUBSTITUTE
FOR HOUSE JOINT
RESOLUTION NO. 1028

By: Hamilton (James)

COMMITTEE SUBSTITUTE

A Joint Resolution directing the Secretary of State to refer to the people for their approval or rejection a proposed amendment to Section 6 of Article 11 of the Constitution of the State of Oklahoma which relates to investments of certain funds; specifying certain restrictions; modifying how certain funds may be invested; requiring certain enactments; providing certain uses of funds; authorizing certain guarantee; providing for reimbursement; specifying procedures; providing ballot title; and directing filing.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE 1ST SESSION OF THE 44TH OKLAHOMA LEGISLATURE:

SECTION 1. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to Section 6 of Article 11 of the Constitution of the State of Oklahoma to read as follows:

~~Section 6. The permanent common school and other educational funds shall be invested in first mortgages upon good and improved farm lands within the state (and in no case shall more than fifty per centum (50%) of the reasonable valuation of the lands without improvements be loaned on any tract), Oklahoma State bonds, county bonds of the counties of Oklahoma, school district bonds of the school districts of Oklahoma, promissory notes evidencing federal and state insured loans made to students under any federal or State of Oklahoma insured student loan program, and United States bonds, preference to be given to the securities in the order named. The said funds may also be invested in deposits in federally insured financial institutions or trust companies in Oklahoma to the extent such deposit is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan~~

~~Insurance Corporation, or the National Credit Union Administration.~~

~~The Legislature shall provide the manner of selecting the securities aforesaid, prescribe the rules, regulations, restrictions, and conditions upon which the funds aforesaid shall be loaned or invested, and do all things necessary for the safety of the funds and permanency of the investment.~~

~~Said funds may also be invested in loans secured by first mortgages bearing interest at the rate, to be same for all loans made during same period, of not less than three per centum (3%) per annum, given by any honorably discharged member of the armed forces of the United States, or of an ally thereof, who served in World War I, World War II, Korean War or the Viet Nam Conflict, or any future war or conflict in which the United States may become engaged, and a resident of the State of Oklahoma for not less than five (5) years, on improved or unimproved farm lands within this state. In no case shall more than ninety-three and one-half per centum (93 1/2%) of the reasonable value of the land and improvements be loaned on any tract. Any such member, before acquiring title to such a tract of land, may apply for a loan of money to be secured by such a mortgage, said loan to be advanced and mortgage executed when and as he secures title to said tract. Said loan and mortgage securing the same shall be negotiated and executed, until otherwise provided by law, under rules and regulations prescribed by the~~

~~A. The Commissioners of the Land Office; provided, however, that the loan may not be transferred or assigned within five (5) years shall be responsible for the investment of the permanent common school and other educational funds, and public building funds solely in the best interests of the beneficiaries and:~~

~~1. For the exclusive purpose of providing maximum benefits to current and future beneficiaries, and defraying reasonable expenses of administering the Trusts;~~

~~2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like enterprise of a like character and like aim would use; and~~

3. By diversifying the investments of the Trusts so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

B. The Commissioners of the Land Office shall not invest more than forty percent (40%) of the permanent school funds, other educational funds and public building funds. Such investments shall be made in securities including but not limited to stocks and other equities issued by corporations domiciled in the United States which have investment grade ratings as determined by at least one of the major rating agencies.

C. Bonds issued by the Board of Education of any school district may be guaranteed by the corpus of the permanent school fund for common schools, provided:

1. The Bonds are approved by election of the school district upon the question of issuing such bonds; and

2. Provisions are made by the Legislature to guarantee prompt reimbursement to the corpus of the permanent fund for any payment from the fund on behalf of a school district. The reimbursement shall include a reasonable rate of interest.

D. No investment of the permanent common school and other educational fund shall be made in indebtedness or currency of any foreign country or in securities issued by any corporation which is domiciled outside of the United States of America.

E. The Legislature shall enact the laws necessary to implement the provisions of this section.

SECTION 2. The Ballot Title for the proposed Constitutional amendment as set forth in SECTION 1 of this resolution shall be in the following form:

BALLOT TITLE

Legislative Referendum No. _____ State Question No. _____

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure amends the Oklahoma Constitution. It amends Section 6 of Article 11. It changes how the Commissioners of the Land Office invest at least forty percent (40%) of the money in the permanent school fund and other educational funds. The Commissioners of the Land Office are authorized to

guarantee certain school bonds issued for the support of
common schools.

SHALL THIS AMENDMENT BE APPROVED BY THE PEOPLE?

 / YES, FOR THE AMENDMENT

 / NO, AGAINST THE AMENDMENT

SECTION 3. The Chief Clerk of the House of Representatives,
immediately after the passage of this resolution, shall prepare
and file one copy thereof, including the Ballot Title set forth in
SECTION 2 hereof, with the Secretary of State and one copy with
the Attorney General.

44-1-6604 KSM