

ENROLLED HOUSE
JOINT
RESOLUTION NO. 1028

By: Hamilton (James),
Langmacher, Ferguson and
Glover of the House

and

Williams (Don), Taylor
and Hendrick of the
Senate

A Joint Resolution directing the Secretary of State to refer to the people for their approval or rejection a proposed amendment to Section 15 of Article 10 of the Oklahoma Constitution and a proposed amendment to Section 6 of Article 11 of the Constitution of the State of Oklahoma which relate to investment of certain funds; modifying authority of state to guarantee certain bonds; prescribing requirements related thereto; requiring Commissioners of the Land Office to invest certain funds; specifying authorized investments; requiring action by Legislature; modifying how certain funds may be invested; 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 15 of Article X of the Constitution of the State of Oklahoma to read as follows:

Section 15. A. The Except as provided by this section, the credit of the State shall not be given, pledged, or loaned to any individual, company, corporation, or association, municipality, or political subdivision of the State, ~~except as provided for in subsection B of this section;~~ nor shall the State become an owner or stockholder in, nor make donation by gift, subscription to stock, by tax, or otherwise, to any company, association, or corporation, ~~except as provided for in subsection B of this section.~~

B. Pursuant to authority of and subject to requirements of law and according to professional norms established nationally in similar activities, the Oklahoma Center for the Advancement of Science and Technology or its successor may be authorized to use public funds not exceeding one percent (1%) of total state appropriations for the current fiscal year to promote economic development through grants or loans to individuals, companies, corporations or associations. Pursuant to authority of and subject to requirements of law and according to professional norms established nationally in similar activities, the Oklahoma Center for the Advancement of Science and Technology or its successor may be authorized to use public funds in order to promote economic development by purchase or ownership of stock or to make other investments in private enterprises and to receive income from such investments which are involved with research or patents from

projects involving Oklahoma colleges or universities. The Oklahoma Center for the Advancement of Science and Technology or its successor may only use public funds for the purposes authorized in this subsection if a statute specifically authorizing such use is approved by an affirmative vote of at least two-thirds (2/3) of the members elected to the Senate and to the House of Representatives upon final passage of such measure in each of the respective houses and with the approval of the Governor.

C. The Legislature shall only authorize use of public funds by the Oklahoma Center for the Advancement of Science and Technology or its successor as permitted by this section for promotion of economic development by creation of new employment, enhancement of existing employment or by the addition of economic value to goods, services or resources within the State authorized by subsection B herein.

D. The Legislature shall establish procedures to review and evaluate the extent to which the purposes of any statute authorizing use of public funds by the Oklahoma Center for the Advancement of Science and Technology are achieved.

E. Bonds issued by the board of education of any school district or public institutions of higher education may be guaranteed by the corpus of the permanent school fund, provided:

1. As to bonds issued by the board of education such bonds must be approved by election of the school district upon the question of issuing such bonds;

2. As to bonds issued by an institution within The Oklahoma State System of Higher Education such bonds are issued in accordance with all applicable provisions of law; and

3. Provisions shall be made by the Legislature to guarantee prompt reimbursement to the corpus of the permanent school fund for any payment from the fund on behalf of a school district or on behalf of an institution within The Oklahoma State System of Higher Education. The reimbursement shall include a reasonable rate of interest. The provisions of this paragraph regarding use of the permanent school fund for guarantee of bonds issued by an institution within The Oklahoma State System of Higher Education shall not be self-executing and the Legislature shall provide by law the procedure pursuant to which such obligations may be guaranteed and the procedures for repayments, if any, required to be made to the permanent school fund.

SECTION 2. 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. A. The permanent common school and other educational funds shall may 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 and any other investments as authorized by law.

~~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 Commissioners of the Land Office; provided, however, that the loan may not be transferred or assigned within five (5) years~~

B. The Commissioners of the Land Office 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 trust funds;

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;

3. By diversifying the investments of the trust funds so as to minimize the risk of large losses; and

4. In accordance with the law, documents and instruments governing the administration and investment of the permanent common school and other educational funds and public building funds.

C. The Legislature shall provide by law conditions upon which the permanent common school fund, other educational funds and public building funds may be loaned or invested and shall do all things necessary for the safety of the funds and permanency of the investment.

SECTION 3. The Ballot Title for the proposed Constitutional amendment as set forth in SECTIONS 1 and 2 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 15 of Article 10 and Section 6 of Article 11. The Legislature may pass laws to provide for the use of the permanent common school fund and other educational funds to guarantee certain bonds. The bonds are issued by public school districts and colleges or universities. The permanent school fund or other educational funds would be repaid any money, plus interest, paid because of the guarantees. Laws would be passed to provide a way for public school districts to pay back the state any money, plus interest, the state had to pay on behalf of the school districts. Laws would also be passed for procedures to guarantee bonds issued by a college or a university. The measure requires the Legislature to pass laws on how the money in the permanent school fund and other educational funds may be invested. It states the purposes for which investments may be made and the degree of care required

for investments. It removes language which, at present, allows certain types of investments. It also removes language which, at present, requires certain investments to be given preference. SHALL THIS AMENDMENT BE APPROVED BY THE PEOPLE?

 / YES, FOR THE AMENDMENT

 / NO, AGAINST THE AMENDMENT

SECTION 4. 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 3 hereof, with the Secretary of State and one copy with the Attorney General.

Passed the House of Representatives the 26th day of May, 1994.

Speaker of the House of
Representatives

Passed the Senate the 27th day of May, 1994.

President of the Senate