

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

HOUSE BILL NO. 2478

By: Maddux (Elmer)

AS INTRODUCED

An Act relating to public finance; amending 51 O.S. 1991, Section 169, which relates to county insurance; permitting payment of risk insurance premiums from county sinking fund; amending 62 O.S. 1991, Sections 431 and 435, which relate to sinking funds; permitting payment of risk insurance premiums from sinking funds; and providing an effective date.

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

SECTION 1. AMENDATORY 51 O.S. 1991, Section 169, is amended to read as follows:

Section 169. A. The governing body of any county may:

1. Insure the county against all or any part of any liability it may incur for death, injury or disability of any person or for damage to property, either real or personal;
2. Insure any employee of the county against all or any part of his liability for injury or damage resulting from an act or omission in the scope of employment;
3. Insure against the expense of defending a claim against the county or its employee, whether or not liability exists on such claim; or

4. Insure the county or its employee against any loss, damage or liability as defined by Sections 702 through 708 of Title 36 of the Oklahoma Statutes, or other forms of insurance provided for in Title 36 of the Oklahoma Statutes.

The cost or premium of any such insurance is a proper expenditure of the county and may be paid out of the county sinking fund.

As used in this subsection, "employee" means any person who has acted in behalf of a county, whether that person is acting on a permanent or temporary basis with or without being compensated or on a full-time or part-time basis. Employee also includes all elected or appointed officers, members of governing bodies of a county, and persons appointed, and other persons designated by a county to act in its behalf.

B. Any insurance authorized by law to be purchased, obtained or provided by a county may be provided by:

1. Self-insurance, which may be, but is not required to be, funded by appropriations to establish or maintain reserves for self-insurance purposes. Any self-insurance reserve fund shall be nonfiscal and shall not be considered in computing any levy when the county makes its annual estimate for needed appropriations;

2. Insurance in any insurer authorized to transact insurance in this state;

3. Insurance secured in accordance with any other method provided by law; or

4. Any combination of insurance authorized by this section.

C. Two or more counties or public agencies, by interlocal agreement made pursuant to Sections 1001 et seq. of Title 74 of the Oklahoma Statutes, may provide insurance for any purpose by any one or more of the methods specified in this section. The pooling of self-insured reserves, claims or losses among governments as authorized in this act shall not be construed to be transacting insurance nor otherwise subject to the provisions of the laws of

this state regulating insurance or insurance companies. Two or more counties may also be insured under a master policy or contract of insurance. Premium costs may be set individually for each county or apportioned among participating counties as provided by the master policy or contract.

SECTION 2. AMENDATORY 62 O.S. 1991, 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 the bonded indebtedness of such municipality coming due prior to April 1 of the second ensuing fiscal year for which no prior levy has been made;

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

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

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; and

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

Upon sufficient levy of taxes for the sinking fund, the governing body of any municipal corporation or county may pay from the sinking fund the cost of premiums for any risk insurance purchased by the municipal corporation or county to insure against any liability incurred as a result of a judgment.

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 section to require that the pledge contained in Sections 26, 27 and 35 of Article X of the Oklahoma Constitution, be fulfilled, and that sinking funds be applied as provided by Section 28 of Article X of the Oklahoma Constitution.

SECTION 3. AMENDATORY 62 O.S. 1991, Section 435, is amended to read as follows:

Section 435. (Application.) Such sinking funds shall be used:

First. For the payment of interest coupons as they fall due;;

Second. For the payment of bonds falling due, if any such there be, ; and

Third. For the payment of judgments against the municipality, if any there be; provided, that when any sinking fund has been used or may hereafter be used to pay judgments as herein provided, that notwithstanding the fact that such judgment or judgments have been paid with such sinking fund, it shall be the duty of the proper officers to make levies to pay such judgments the same as if the same had not been paid out of such sinking fund, and when so levied and collected the same shall be turned into the sinking fund out of which such judgment or judgments was paid. The sinking funds may be used for the payment of premiums for any risk insurance purchased to insure against any liability incurred as a result of a judgment.

SECTION 4. This act shall become effective only upon the approval by the people of this state of House Joint Resolution No.

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44-2-8105

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