

ENROLLED HOUSE
BILL NO. 1434

By: Erwin, Mass, Bonny, Crocker,
Culver, Deutschendorf, Dunegan,
Ervin, Fields, Gray, Hefner,
Hilliard, Langmacher, Leist,
Maddux, Matlock, Plunk, Pope
(Clay), Sadler, Staggs, Thomas,
Wells, Beutler, Voskuhl, Mitchell,
Widener, Smith (Dale), Stites,
Hutchison, Stanley, Pettigrew,
Hamilton, Peltier, Seikel, Boyd
(Betty), Glover, Settle, Hiett,
O'Neal, Smaligo and Miller of the
House

and

Shurden, Wilkerson, Stipe, Bell,
Price, Long (Ed), Weedn, Capps,
Roberts and Henry of the Senate

An Act relating to economic development; enacting the Rural Economic Action Plan of 1996; stating legislative findings; prescribing conditions for expenditure of certain funds; providing for distribution of funds; identifying areas for distribution; imposing limitations on size of certain municipalities eligible for funds; authorizing application process; prescribing procedures; authorizing expenditures for unincorporated areas; specifying authorized use of funds; prescribing procedures for allocation of funds; establishing Rural Economic Action Plan Fund; providing for certain entities eligible for certain funds; requiring plan; defining term; specifying required content of plan; imposing certain requirements with respect to eligibility for funds; prohibiting use of funds for payment of administrative expenses; providing exception; imposing penalty for misuse of funds; authorizing initial funding for planning expenditures; providing procedures for expenditure of funds; stating public purpose of expenditures made in furtherance of governmental functions; providing for codification; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. This act shall be known and may be cited as the "Rural Economic Action Plan of 1996".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2001 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that general economic conditions in rural areas of the State of Oklahoma reflect reduced individual earning power, relatively lower returns on business investment and the corresponding effects upon fiscal capacity of political subdivisions the geographical area of which consists primarily of unincorporated areas or relatively small municipalities. In order to remove impediments to economic development in rural areas, in order to alleviate the sometimes negative effects of lower population density, population decreases, and increased demand for governmental services and in order to maintain a desirable quality of life for residents and other legal entities in rural areas, the Legislature hereby establishes a procedure pursuant to which public funds may be used in a flexible manner for the general improvement of living and working conditions in predominantly rural areas of the State of Oklahoma for which an identifiable need has been determined.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2003 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided by this section, the monies appropriated by Section 1 of Enrolled House Bill No. 2830 of the 2nd Session of the 45th Oklahoma Legislature shall be administered by the Oklahoma Water Resources Board in the same manner as provided by law for the grant of other funds for water related projects subject to the provisions contained herein.

B. The monies referred to in subsection A of this section shall be distributed to eligible cities and towns, unincorporated areas or other qualified entities located within the areas represented by the following organizations:

1. Association of Central Oklahoma Governments (ACOG);
2. Association of South Central Oklahoma Governments (ASCOG);
3. Central Oklahoma Economic Development District (COEDD);
4. Eastern Oklahoma Economic Development District (EOEDD);
5. Grand Gateway Economic Development Association (GGEDA);
6. Indian Nations Council of Governments (INCOG);
7. Kiamichi Economic Development District (KEDDO);
8. Northern Oklahoma Development Association (NODA);
9. Oklahoma Economic Development Association (OEDA);
10. Southern Oklahoma Development Association (SODA); and
11. South Western Oklahoma Development Authority (SWODA).

C. The monies referred to in subsection A of this section shall not be expended for the benefit of cities or towns with a population in excess of seven thousand (7,000) persons according to the latest Federal Decennial Census. Any municipality may enter into an agreement with an entity described in subsection B of this section to apply for available funds described by this section if the municipality is located within the area served by the entity. Upon approval of the application, funds shall be paid to the municipality requesting the funds.

D. An entity described in subsection B of this section may apply for a grant to be used for the benefit of an unincorporated area within a county served by that entity. Any county may enter into an agreement with an entity described in subsection B of this section if the county is located within the area served by the entity. Upon approval of the application, funds shall be paid to the county requesting the funds.

E. The monies referred to in subsection A of this section may be expended for water quality projects, including but not limited to

sewer line construction or repair and related storm or sanitary sewer projects, water line construction or repair, water treatment, water acquisition, distribution or recovery and related projects.

F. Any city or town with a population less than one thousand five hundred (1,500) persons according to the latest Federal Decennial Census shall have a higher priority for funds allocated by the Oklahoma Water Resources Board from the amount referred to in subsection A of this section than jurisdictions of greater size. Among such cities or towns, those municipalities having relatively weaker fiscal capacity shall have a priority for project funding in preference to other municipalities.

G. The Oklahoma Water Resources Board shall establish ten separate accounts containing Four Hundred Fifty Thousand Dollars (\$450,000.00) per account. Each account shall be available for distribution to qualified entities located within the area served by entities described in subsection A of Section 7 of this act or for distribution to benefit unincorporated areas with the exception of one account which shall be divided equally into two subaccounts containing Two Hundred Twenty-five Thousand Dollars (\$225,000.00) each. Each one of the two subaccounts shall be available for distribution to qualified entities located within the respective jurisdiction of one of the entities described by subsection B of Section 7 of this act or for distribution to benefit unincorporated areas. No funds deposited into one account or subaccount shall be transferred to any other account. The total expenditure from any one account or subaccount for each fiscal year may not exceed the amount of funds available to each account as may be provided by law.

H. No city, town or other entity to which funds shall be awarded pursuant to this section shall be required to provide any form of match to obtain the funds, whether through cash, services or any other method.

I. The Oklahoma Water Resources Board shall not be allowed to retain any of the funds referred to in subsection A of this section for administration. All such funds shall be distributed to eligible entities as authorized by law.

J. In order to permit equal access to the funds referred to in subsection A of this section, the Oklahoma Water Resources Board shall not act upon an application for such funds until the expiration of six (6) months from the effective date of this act. Applications may be submitted to the Oklahoma Water Resources Board on or after July 1, 1996.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2004 of Title 62, unless there is created a duplication in numbering, reads as follows:

The monies appropriated by Section 2 of Enrolled House Bill No. 2830 of the 2nd Session of the 45th Oklahoma Legislature shall be subject to all of the requirements of Sections 6 through 13 of this act. There shall be deposited into each of the accounts provided by Section 6 of this act the sum of Five Hundred Thousand Dollars (\$500,000.00) with the exception of one account which shall be divided equally into two subaccounts containing Two Hundred Fifty Thousand Dollars (\$250,000.00) each. One of the two subaccounts shall be available to one and only one of the entities described by subsection B of Section 7 of this act for distribution to cities or towns within the respective jurisdiction of the entity if the population of such city or town does not exceed seven thousand (7,000) persons according to the latest Federal Decennial Census or for the benefit of an unincorporated area.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2005 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided by this section, the monies appropriated by Section 3 of Enrolled House Bill No. 2830 of the 2nd Session of the 45th Oklahoma Legislature shall be administered by the Oklahoma Department of Transportation in the same manner as provided by law for the distribution of other funds for rural transportation projects.

B. The monies referred to in subsection A of this section shall be distributed to eligible cities and towns, unincorporated areas or other qualified entities located within the areas represented by the following organizations:

1. Association of Central Oklahoma Governments (ACOG);
2. Association of South Central Oklahoma Governments (ASCOG);
3. Central Oklahoma Economic Development District (COEDD);
4. Eastern Oklahoma Economic Development District (EOEDD);
5. Grand Gateway Economic Development Association (GGEDA);
6. Indian Nations Council of Governments (INCOG);
7. Kiamichi Economic Development District (KEDDO);
8. Northern Oklahoma Development Association (NODA);
9. Oklahoma Economic Development Association (OEDA);
10. Southern Oklahoma Development Association (SODA); and
11. South Western Oklahoma Development Authority (SWODA).

C. The monies referred to in subsection A of this section shall not be expended for the benefit of cities or towns with a population in excess of seven thousand (7,000) persons according to the latest Federal Decennial Census. Any municipality may enter into an agreement with an entity described in subsection B of this section to apply for available funds described by this section if the municipality is located within the area served by the entity. Upon approval of the application, funds shall be paid to the municipality requesting the funds.

D. An entity described in subsection B of this section may apply for a grant to be used for the benefit of an unincorporated area within a county served by that entity. Any county may enter into an agreement with an entity described in subsection B of this section if the county is located within the area served by the entity. Upon approval of the application, funds shall be paid to the county requesting the funds.

E. The monies referred to in subsection A of this section may be expended for rural transportation projects, including but not limited to road and street construction or repair, drainage projects, county road construction or repair, county bridge construction or repair, rural highway improvements, industrial access road construction or repair, or other specific transportation projects located within a qualified city or town or in an unincorporated area. Rural road projects currently on the five-year capital plan that are designated by the Department of Transportation as a Rural Oklahoma Assistance and Development System (ROADS) project, shall be replaced by a similar road project in the same Transportation Commission district.

F. Any city or town with a population less than one thousand five hundred (1,500) persons according to the latest Federal Decennial Census shall have a higher priority for funds allocated by the Oklahoma Department of Transportation from the amount referred to in subsection A of this section than jurisdictions of greater size. Among such cities or towns, those municipalities having relatively weaker fiscal capacity shall have a priority for project funding in preference to other municipalities.

G. The Oklahoma Department of Transportation shall establish ten separate accounts containing Seven Hundred Fifty Thousand Dollars (\$750,000.00) per account. Each account shall be available for distribution to qualified entities located within the area served by entities described in subsection A of Section 7 of this act or for distribution to benefit unincorporated areas with the exception of one account which shall be divided equally into two subaccounts containing Three Hundred Seventy-five Thousand Dollars (\$375,000.00) each. Each of the two subaccounts shall be available for distribution to qualified entities located within the respective jurisdiction of one of the entities described by subsection B of Section 7 of this act or for distribution to benefit unincorporated areas. No funds deposited into one account or subaccount shall be transferred to any other account. The total expenditure from any one account or subaccount for each fiscal year may not exceed the amount of funds available to each account as may be provided by law.

H. No city, town or other entity to which funds shall be awarded pursuant to this section shall be required to provide any form of match to obtain the funds, whether through cash, services or any other method.

I. The Oklahoma Department of Transportation shall not be allowed to retain any of the funds referred to in subsection A of this section for administration. All such funds shall be distributed to eligible entities as authorized by law.

J. In order to permit equal access to the funds referred to in subsection A of this section, the Oklahoma Department of Transportation shall not act upon any application for such funds until the expiration of six (6) months from the effective date of this act. Applications may be submitted to the Oklahoma Department of Transportation on or after July 1, 1996.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2006 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established a fund within the State Treasury to be known as the Rural Economic Action Plan Fund. The fund shall be a continuing fund not subject to fiscal year limitations. Within the Rural Economic Action Plan Fund there shall be established ten separate accounts into which shall be deposited such funds as may be provided by law.

B. One of nine accounts shall be available to each entity described in subsection A of Section 7 of this act.

C. One account shall be divided equally into two subaccounts containing Two Hundred Fifty Thousand Dollars (\$250,000.00) each. One of the two subaccounts shall be available to each of the entities described by subsection B of Section 7 of this act for distribution to cities or towns within the respective jurisdiction of the entity if the population of such city or town does not exceed seven thousand (7,000) persons according to the latest Federal Decennial Census or for the benefit of an unincorporated area.

D. No funds deposited into one account or subaccount shall be transferred to any other account. No entity may access any more than one account per fiscal year and the total expenditure from any one account for each fiscal year may not exceed the amount of funds available to each account as may be provided by law.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2007 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A voluntary association of Oklahoma local governmental jurisdictions or another legal entity, including a public trust or a nonprofit corporation or other entity which performs functions for

the benefit of or which exists for the primary benefit of Oklahoma local governmental jurisdictions and which is not described in subsection B of this section, shall be eligible to obtain funding for rural economic development projects as authorized by subsection B of Section 6 of this act.

B. A voluntary association of Oklahoma local governmental jurisdictions containing at least one municipality with a population in excess of three hundred fifty thousand (350,000) persons according to the latest Federal Decennial Census, shall be eligible to obtain funding as authorized by subsection C of Section 6 of this act.

C. The entities described in subsection A or B of this section and which are eligible for any funds authorized by Section 6 of this act shall be prohibited from making expenditures on behalf of or from making payment directly to any city or town with a population in excess of seven thousand (7,000) persons using any funds deposited to the Rural Economic Action Plan Fund created by Section 6 of this act.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2008 of Title 62, unless there is created a duplication in numbering, reads as follows:

The governing board of an entity described by subsection A or B of Section 7 of this act shall develop a plan for the use of available funds for the economic development of areas included within its respective jurisdiction. For purposes of this act, "economic development" shall include, but shall not be limited to, the following purposes:

1. Rural water quality projects, including acquisition, treatment, distribution and recovery of water for consumption by humans or animals or both;
2. Rural solid waste disposal, treatment or similar projects;
3. Rural sanitary sewer construction or improvement projects;
4. Rural road or street construction or improvement projects;
5. Provision of health care services, including emergency medical care, in rural areas;
6. Construction or improvement of telecommunication facilities or systems;
7. Improvement of municipal energy distribution systems;
8. Expenditures designed to increase the employment level within the jurisdiction of the entity; and
9. Such other purposes as may be certified pursuant to an affirmative vote of two-thirds (2/3) of the governing board of an entity described by subsection A or B of Section 7 of this act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2009 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. In order for an eligible entity to obtain funds provided for by Section 6 of this act, the entity shall file the organizational plan required by Section 8 of this act with the State Auditor and Inspector.

B. In order to be filed, the plan shall have first been approved by an affirmative vote of two-thirds (2/3) of the governing board of an entity described by subsection A or B of Section 7 of this act. The vote shall be memorialized in a document, executed under oath, that the record of the vote is a true and accurate account of the proceedings conducted by the governing board to be filed with the State Auditor and Inspector.

C. The plan shall be filed for a period of at least six (6) months prior to the date as of which any funds are requested. No funds provided for by Section 6 of this act shall be paid to an

entity which does not have an economic development plan on file as required by this section. The provisions of this subsection shall not restrict the ability of an eligible entity to obtain funds for planning and the funds authorized for use in planning may be distributed prior to the expiration of the six-month period.

D. The plan shall consist of an evaluation of the financial needs and priorities of the political subdivisions under the jurisdiction of the entity for at least one (1) fiscal year following the date as of which the plan is filed.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2010 of Title 62, unless there is created a duplication in numbering, reads as follows:

No entity which qualifies for funds pursuant to Section 6 of this act shall be required to provide matching funds or to provide equivalent value in order to obtain available funds or funds for planning expenditures.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2011 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided by subsection C of this section, the funds available pursuant to the provisions of Section 6 of this act shall not be used to pay any administrative expenses of the entity requesting the funds. The State Auditor and Inspector shall conduct an annual audit to determine compliance with the provisions of this section. Misuse of funds by an entity shall disqualify the entity from further funding for a period of one (1) year from the date as of which any report by the State Auditor and Inspector is issued revealing a violation of the requirements of this section.

B. Except for funds authorized by subsection C of this section, an entity which violates the provisions of this section shall be liable to the State of Oklahoma for treble the amount of funds identified as having been impermissibly used for the payment or reimbursement of administrative expenses. The payment shall be made to the State Auditor and Inspector for deposit in the Rural Economic Action Plan Fund and such funds shall become available for distribution as otherwise provided by this act except that no such funds shall be paid to an entity which has been required to make the treble damage payment.

C. Upon verification by the State Auditor and Inspector's office that an entity is qualified to receive funds for a purpose authorized by this act, the entity shall be eligible for an initial planning expenditure payment of not to exceed five percent (5%) of the amount contained in the account created for the entity pursuant to Section 6 of this act. After an entity files the economic development plan required by Section 9 of this act and receives the initial planning expenditure authorized by this subsection, the balance of funds remaining in the account shall be made available to the entity on a project by project basis as otherwise required by this act.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2012 of Title 62, unless there is created a duplication in numbering, reads as follows:

Expenditures from the Rural Economic Action Plan Fund shall be made in the same manner as provided by law for the expenditure of other public funds.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2013 of Title 62, unless there is created a duplication in numbering, reads as follows:

The expenditures from the Rural Economic Action Plan Fund and other expenditures governed by this act, if made in accordance with the requirements of this act, shall be construed as an expenditure of public funds in furtherance of governmental functions and for the purpose of conferring general and uniform benefits resulting from the expenditures upon the residents and other legal entities located in areas subject to the jurisdiction of the entities described in subsection A or B of Section 7 of this act.

SECTION 14. NONCODIFICATION The provisions of Section 1 of this act shall not be codified in the Oklahoma Statutes.

SECTION 15. This act shall become effective July 1, 1996.

SECTION 16. 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 House of Representatives the 16th day of May, 1996.

Speaker of the House of
Representatives

Passed the Senate the 16th day of May, 1996.

President of the Senate