

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

SENATE BILL NO. 984

By: Easley of the Senate

and

Rice of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to rural water districts and nonprofit corporations; amending 18 O.S. 1991, Section 863, which relates to certain exemptions for nonprofit corporations; exempting certain taxes or fees for certain inspections; authorizing certain corporations to issue indebtedness for public benefit; providing for indebtedness on tax-exempt or taxable basis; stating indebtedness and interest not subject to taxation by the state or any political subdivision; exempting certain corporations from certain state statutes; amending Section 3, Chapter 193, O.S.L. 1996, as amended by Section 1, Chapter 382, O.S.L. 1997 (62 O.S. Supp. 1997, Section 2003), which relates to water quality project grants; providing for monies appropriated for the Rural Economic Action Plan grant program to be administered by the Oklahoma Water Resources Board; authorizing Board to promulgate rules governing certain funds; providing certain limitations on qualified entities; amending 82 O.S. 1991, Section 1324.22, which relates to rural water, sewer, gas and solid waste management districts; exempting certain taxes or fees for certain inspections; providing for codification; and declaring an emergency.

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

SECTION 1. AMENDATORY 18 O.S. 1991, Section 863, is amended to read as follows:

Section 863. A corporation organized not for profit pursuant to the provisions of the Oklahoma General Corporation Act for the purpose of developing and providing rural water supply and sewage disposal facilities to serve rural residents shall be exempt from all excise taxes of whatsoever nature, and shall be exempt from payment of assessments in any general or special taxing district

levied upon the property of said corporation, whether real, personal or mixed; such exemption shall include, but not be limited to, franchise taxes, assessments or fees levied by any county or municipality for inspections of the facilities of the corporation which were not requested by the corporation. Said corporations shall have the right of eminent domain in the same manner and according to the procedures provided for in Sections 51 through 65 of Title 66 of the Oklahoma Statutes, provided, that the use of said eminent domain provisions shall be restricted to the purpose of developing and providing rural gas distribution, water supply and sewage disposal facilities. Provided, however, no personal or real property, easement or right-of-way of any utility may be acquired by eminent domain.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 868 of Title 18, unless there is created a duplication in numbering, reads as follows:

A corporation organized not for profit pursuant to the provisions of the Oklahoma General Corporation Act and that holds a valid exemption from federal income taxation issued pursuant to Section 501(a) of the Internal Revenue Code (26 U.S.C. Section 501(a)) and is listed as an exempt organization in Section 501(c) of the Internal Revenue Code (26 U.S.C. Section 501(c)) is hereby authorized to issue indebtedness for the purpose of providing funds for the benefit of towns, cities and counties and their citizens throughout the state and to issue such indebtedness on a tax-exempt or taxable basis, as applicable under the Internal Revenue Code (26 U.S.C. Section 1, et seq.) as amended; and such indebtedness and interest thereon shall not be subject to taxation by the State of Oklahoma, or by any county, municipality or political subdivision therein. Such not for profit corporations shall not be subject to the provisions of Sections 695.7, 695.8 and 695.9 of Title 62 of the Oklahoma Statutes, or similar laws thereto.

SECTION 3. AMENDATORY Section 3, Chapter 193, O.S.L. 1996, as amended by Section 1, Chapter 382, O.S.L. 1997 (62 O.S. Supp. 1997, Section 2003), is amended to read as follows:

Section 2003. A. ~~Except as otherwise provided by this section, the monies~~ Monies appropriated by ~~Section 104 of Enrolled Senate Bill No. 160 of the 1st Session of the 46th Oklahoma Legislature~~ law to the Oklahoma Water Resources Board for the purpose of funding the Rural Economic Action Plan grant program 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~~ this section.

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 2007 of this title 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 2007 of this title 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, 1997~~ ensure fair and equitable distribution of the funds referred to in subsection A of this section, the Oklahoma Water Resources Board shall promulgate rules for administering, determining priority of, approving and funding applications for such funds. The rules shall implement the provisions of this section including the following:

1. No qualified entity shall be approved nor funded for more than One Hundred Fifty Thousand Dollars (\$150,000.00) from such funds in any twelve-month period;

2. If a qualified entity has previously been approved for or received such funds and makes a subsequent application, that subsequent application may be assigned lower priority than an application by qualified entities who have not previously been approved for or received such funds;

3. In order to prevent substantially the same entity or area from receiving an undue advantage, a political subdivision and all its public trusts and similar subordinate entities together shall be treated as one and the same qualified entity; provided rural water or sewer districts shall not be construed to be subordinate entities of counties unless the effect would be to make multiple grants to substantially the same entity or service area; and

4. The Oklahoma Water Resources Board may establish limited time periods for processing applications for available funds.

SECTION 4. AMENDATORY 82 O.S. 1991, Section 1324.22, is amended to read as follows:

Section 1324.22 Districts formed hereunder shall be exempt from all excise taxes of whatsoever kind or nature, and further, shall be exempt from payment of assessments in any general or special taxing district levied upon the property of said district, whether real, personal or mixed; such exemption shall include, but not be limited to, franchise taxes or assessments or fees levied by a county or municipality for inspections of the facilities of the district which were not requested by the district. Any and all securities and evidences of indebtedness issued by a district created pursuant to this act and the income interest and capital gains thereon shall not be subject to the income tax laws of this state and persons owning or holding said securities and evidences of indebtedness or their heirs, devisees, successors, or assigns shall not be required to pay to the State of Oklahoma income tax upon the profits and capital gains upon said securities and evidences of indebtedness.

SECTION 5. 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.

46-2-3076

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