ENGROSSED SENATE
BILL NO. 1390

By: Hobson of the Senate

and

Askins of the House

An Act relating to public finance; amending 19 O.S. 1991, Section 121, as amended by Section 1, Chapter 164, O.S.L. 1997 (19 O.S. Supp. 1999, Section 121), which relates to deposits by county treasurers; modifying authority for requirement of certain security for county deposits; amending 47 O.S. 1991, Section 7-609, as last amended by Section 3, Chapter 119, O.S.L. 1999 (47 O.S. Supp. 1999, Section 7-609), which relate to penalties for failure to provide proof of insurance; specifying account to which certain fees to be deposited; modifying certain duties of Department of Public Safety and State Treasurer with respect to deposit and apportionment of such fees; amending 52 O.S. 1991, Section 556, which relates to the Mineral Owner's Fund; modifying date for transfer of certain monies to Unclaimed Property Fund; amending Section 27, Chapter 295, O.S.L. 1992, 60 O.S. 1991, Sections 659, 674, as amended by Section 20, Chapter 10, O.S.L. 1999 and 680, as amended by Section 29, Chapter 10, O.S.L. 1999 (60 O.S. Supp. 1999, Sections 657.4, 674 and 680), which relates to the Uniform Unclaimed Property Act; clarifying language; modifying statutory reference; modifying amounts payable for certain claims; granting State Treasurer certain authority with respect to amnesty programs relating to abandoned or unclaimed property; creating Security for Local Public Deposits Act; providing short title; defining terms; requiring public deposits made by treasurer of public entity to be secured in accordance with Act; requiring daily deposits; authorizing establishment of certain depositories outside political boundaries of public entity; authorizing state and county treasurers to be official depositories for certain accounts; specifying certain requirements of financial institutions for security of public deposits; providing for establishment and valuation of amount of security; providing for placement of collateral securities; specifying certain duties of State Treasurer; restricting securities and instruments which may be accepted by treasurer of public entity to secure public deposits; providing for substitution of collateral under certain circumstances; providing procedures in event of default or insolvency of public depository; providing that treasurer of public entity not be liable for certain losses; amending 70 O.S. 1991, Section 5-115, as last amended by Section 5, Chapter 327, O.S.L. 1999 (70 O.S. Supp. 1999, Section 5-115), which relates to school district treasurers; modifying statutory reference;

authorizing Oklahoma Capitol Improvement Authority to create and administer state agency equipment leasing and finance program; authorizing Authority to issue notes or obligations under certain conditions; providing procedures in event of default by agency leasing equipment; authorizing State Treasurer to purchase certain notes or obligations from Authority; requiring review and approval by Attorney General; limiting amount of notes or obligations; repealing 62 O.S. 1991, Sections 516.1, 516.2, as amended by Section 12, Chapter 85, O.S.L. 1998, 516.3, as amended by Section 8, Chapter 164, O.S.L. 1997, 516.4, 516.5, 516.6, as amended by Section 1, Chapter 77, O.S.L. 1994, 516.7, 516.8, 516.9 and 516.10 (62 O.S. Supp. 1999, Sections 516.2, 516.3 and 516.6), which relate to the unit collateral system for securing public deposits; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 19 O.S. 1991, Section 121, as amended by Section 1, Chapter 164, O.S.L. 1997 (19 O.S. Supp. 1999, Section 121), is amended to read as follows:

Section 121. The county treasurer of each county shall deposit daily ~~(~~, not later than the immediately next banking day~~)~~, all the funds and monies of whatever kind that shall come into his or her possession by virtue of ~~his~~ the office as such county treasurer in ~~his~~ the name ~~as~~ of the county treasurer in one (1) or more banks located in the county and designated by the board of county commissioners as county depositories. Provided, before the deposit of any such funds ~~aforesaid~~, the county treasurer shall take from each of ~~said~~ such banks security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time~~; said~~. Such security is ~~mandatorily~~ required to be pledged, taken, approved, held and withdrawn under the provisions of the ~~Unit Collateral System~~ Security for Local Public Deposits Act prescribed in Sections ~~516.1 et seq. of Title 62 of the Oklahoma Statutes~~ 8 through 14 of this act.

Each bank in which ~~said~~ such county funds are deposited shall receive all monies, checks, or drafts at par and for deposit only to

the credit of ~~said~~ the county treasurer in his or her official capacity, and ~~that~~ each bank shall promptly honor the checks, drafts, or vouchers of the treasurer of ~~said~~ the county on such deposit.

SECTION 2. AMENDATORY 47 O.S. 1991, Section 7-609, as last amended by Section 3, Chapter 119, O.S.L. 1999 (47 O.S. Supp. 1999, Section 7-609), is amended to read as follows:

Section 7-609. A. Whenever any owner fails to timely furnish proof of insurance or fails to timely respond as required by subsection D of Section 7-608 of this title, the Department of Public Safety shall suspend the person's driving privilege and the registration of any motor vehicle registered in the name of such person as owner which is not covered by security. The suspension shall be effective immediately upon the lapse of the thirty-day response period in subsection D of Section 7-608 of this title. The suspension shall remain in effect until payment is made of the fees provided for in Section 6-212 of this title and proof of insurance is presented to the Department; provided, if the person is not an owner of any motor vehicle or is not subject to the Compulsory Insurance Law of this state or provides proof the vehicle was insured prior to the suspension date, then proof of insurance and payment of the processing and reinstatement fee shall not be required and the Department shall vacate the suspension of the person's driving privilege.

B. Any person whose driving privilege and registration have been suspended pursuant to the provisions of subsection A of this section shall surrender to the Department his or her driver license and the license plate of any motor vehicle registered in his or her name and not covered by security within thirty (30) days from the date of the suspension. Any owner failing to surrender his or her driver license or license plate or plates to the Department within

such time shall pay a fee of Fifty Dollars ($50.00) which shall be in addition to the fees provided for in Section 6-212 of this title.

C. Whenever any person's driving privilege or registration of any motor vehicle is suspended pursuant to this section according to the records of the Department, the Department may accordingly notify any peace officer of the suspension.

D. Any peace officer who has been notified that a person's driving privilege or registration of a motor vehicle is currently under suspension according to the records of the Department may, upon observing the person or motor vehicle anywhere upon a public street, highway, roadway, turnpike, or public parking lot, within this state, forthwith stop the person or motor vehicle and seize the person's driver license or license plate or both.

E. No person shall have a property interest in a driver license, vehicle registration, or vehicle license plate issued pursuant to the laws of this state and it shall be the duty of every person whose driving privilege or motor vehicle registration has been suspended to forthwith surrender such driver license or license plate or both upon the request of any peace officer or representative of the Department.

F. Any person upon a public street, highway, roadway, turnpike, or public parking lot, within this state, who willfully refuses to surrender possession of a driver license or license plate after being informed by a peace officer or representative of the Department that his or her driving privilege or motor vehicle registration is currently under suspension according to the records of the Department, shall be guilty of a misdemeanor, punishable by imprisonment in the county jail for not more than ten (10) days or a fine not to exceed Five Hundred Dollars ($500.00) or by both such fine and imprisonment.

G. Any driver license or license plate surrendered to or seized by a peace officer pursuant to this section shall be submitted to a

representative of the Department in a manner and with a form or method approved by the Department.

H. The Department shall deposit fees collected pursuant to subsection B of this section in a special account of the Department maintained with the office of the State Treasurer. The State Treasurer shall credit these fees to ~~a~~ this special account to be distributed as hereinafter provided.

I. The Department shall ~~certify to the State Treasurer~~ identify the name of the employing law enforcement agency from which a suspended driver license or license plate has been received pursuant to this section, ~~together with a certification~~ and determine that the fee required by subsection B of this section has been paid. ~~Following receipt of certification from the Department as provided herein, the State Treasurer~~ The Department shall reimburse the law enforcement agency ~~named in the certificate~~ so identified the sum of Twenty-five Dollars ($25.00) for each driver license and the sum of Twenty-five Dollars ($25.00) for each vehicle license plate ~~as shown on the certificate,~~ from the special account.

J. Any unencumbered monies remaining in the special account at the close of each calendar month shall be transferred by the Department to the General Revenue Fund of the State Treasury.

K. The State of Oklahoma, the departments and agencies thereof, including the Department of Public Safety, all political subdivisions, and the officers and employees of each, shall not be held legally liable in any suit in law or in equity for any erroneous entry of a suspension upon the records of the Department, nor for the enforcement of the provisions of the Compulsory Insurance Law, Section 7-600~~,~~ et seq. of this title, performed in good faith.

SECTION 3. AMENDATORY 52 O.S. 1991, Section 556, is amended to read as follows:

Section 556. The State Treasurer shall retain custody of the Mineral Owner's Fund and annually on a date established by ~~regulation~~ the Treasurer shall transfer to the Unclaimed Property Fund those monies which have been in escrow accounts and the Mineral Owner's Fund ~~seven (7)~~ five (5) years or more after the date of pooling. After that time, such monies shall be subject to the Uniform Unclaimed Property Act ~~(1981), Sections 651 et seq. of Title 60 of the Oklahoma Statutes~~.

SECTION 4. AMENDATORY Section 27, Chapter 295, O.S.L. 1992 (60 O.S. Supp. 1999, Section 657.4), is amended to read as follows:

Section 657.4 A. All intangible property, including but not limited to securities, principal, interest, dividends or other earnings thereon, less any lawful charges, held by a business association, federal, state or local government or governmental subdivision, agency or entity, or any other person or entity, regardless of where the holder may be found, if the owner has not claimed such property or corresponded in writing with the holder concerning the property within three (3) years after the date prescribed for payment or delivery by the issuer, unless the holder is a state that has taken custody pursuant to its own unclaimed property laws, in which case no additional period of holding beyond that of such state is necessary hereunder, is presumed abandoned and subject to the custody of this state as unclaimed property if:

1. The last-known address of the owner is unknown; and

2. The person or entity originating or issuing the intangible property is in this state or any political subdivision of this state, or is incorporated, organized, created or otherwise located in this state.

B. The provisions of subsection A of this section shall not apply to property which is or may be presumed abandoned and subject to the custody of this state pursuant to any other provision of law

containing a dormancy period different than that prescribed in subsection A of this section.

C. The provisions of subsection A of this section shall apply to all property held at the time of the effective date of this act, or at any time thereafter, regardless of when such property became or becomes presumptively abandoned.

SECTION 5. AMENDATORY 60 O.S. 1991, Section 659, is amended to read as follows:

Section 659. Unless otherwise provided in ~~this act~~ the Uniform Unclaimed Property Act or by other statute of this state, intangible personal property is subject to the custody of this state as unclaimed property if the conditions raising a presumption of abandonment under Sections 651.1 and ~~651.3~~ 651.2 through 658.1A of this title are satisfied, and:

~~(a) the~~ 1. The last-known address, as shown on the records of the holder, of the apparent owner is in this state;

~~(b) the~~ 2. The records of the holder do not reflect the identity of the person entitled to the property and it is established that the last-known address of the person entitled to the property is in this state;

~~(c) the~~ 3. The records of the holder do not reflect the last-known address of the apparent owner, and it is established that:

~~(1)~~ a. the last-known address of the person entitled to the property is in this state, or

~~(2)~~ b. the holder is a domiciliary or a government or governmental subdivision or agency of this state and has not previously paid or delivered the property to the state of the last-known address of the apparent owner or other person entitled to the property;

~~(d) the~~ 4. The last-known address, as shown on the records of the holder, of the apparent owner is in a state that does not provide by law for the escheat or custodial taking of the property

or its escheat or unclaimed property law is not applicable to the property, and the holder is a domiciliary, government, or governmental subdivision or agency, including a municipality, of this state;

~~(e) the~~ 5. The last-known address, as shown on the records of the holder, of the apparent owner is in a foreign nation and the holder is a domiciliary or a government or governmental subdivision or agency of this state; or

~~(f) the~~ 6. The transaction out of which the property arose occurred in this state, and

~~(1) (A)~~ a. (1) the last-known address of the apparent owner or other person entitled to the property is unknown, or

~~(B)~~ (2) the last-known address of the apparent owner or other person entitled to the property is in a state that does not provide by law for the escheat or custodial taking of the property or its escheat or unclaimed property law is not applicable to the property, and

~~(2)~~ b. the holder is a domiciliary of a state that does not provide by law for the escheat or custodial taking of the property or its escheat or unclaimed property law is not applicable to the property.

SECTION 6. AMENDATORY 60 O.S. 1991, Section 674, as amended by Section 20, Chapter 10, O.S.L. 1999 (60 O.S. Supp. 1999, Section 674), is amended to read as follows:

Section 674. A. A person, excluding another state, claiming an interest in any property valued at Fifty Dollars ($50.00) or more delivered to the State Treasurer may file a claim on a form prescribed by the State Treasurer and verified by the claimant. The date of filing of a claim shall be the date it is received by the State Treasurer with all supporting documentation from the claimant.

Any property with a value of less than Fifty Dollars ($50.00) shall escheat to the state.

B. The State Treasurer shall consider each claim within ninety (90) days after it is filed and give written notice to the claimant if the claim is denied in whole or in part. The notice may be given by mailing it to the last address, if any, stated in the claim as the address to which notices are to be sent. If no address for notices is stated in the claim, the notice may be mailed to the last address, if any, of the claimant as stated in the claim. No notice of denial need be given if the claim fails to state either the address to which notices are to be sent or the address of the claimant.

C. If a claim is allowed, the State Treasurer shall pay over or deliver to the claimant the property or the amount the State Treasurer actually received or the net proceeds if it has been sold by the State Treasurer, together with any additional amount required by Section 665 of this title. If the claim is for property presumed abandoned under Section 655 of this title which was sold by the State Treasurer within ~~three (3)~~ two (2) years after the date of delivery, the amount payable for that claim is the value of the property at the time the claim was made or the net proceeds of sale, whichever is greater.

SECTION 7. AMENDATORY 60 O.S. 1991, Section 680, as amended by Section 29, Chapter 10, O.S.L. 1999 (60 O.S. Supp. 1999, Section 680), is amended to read as follows:

Section 680. A. A person who fails to pay or deliver property within the time prescribed by the Uniform Unclaimed Property Act shall be required to pay interest at the annual rate of ten percent (10%) on the property or value thereof from the date the property should have been paid or delivered.

B. In addition to the penalty imposed in subsection A of this section, a person who willfully fails to render any report or

deliver property or perform any other duties required under the Uniform Unclaimed Property Act shall pay a civil penalty of One Hundred Dollars ($100.00) for each day the report is withheld or the duty is not performed, but not more than Five Thousand Dollars ($5,000.00).

C. A person who willfully fails to pay or deliver property to the State Treasurer as required under the Uniform Unclaimed Property Act shall pay a civil penalty equal to twenty-five percent (25%) of the value of the property that should have been paid or delivered.

D. A person who willfully refuses after written demand by the State Treasurer to pay or deliver property to the State Treasurer as required under the Uniform Unclaimed Property Act is guilty of a misdemeanor and upon conviction may be punished by a fine of not less than Five Hundred Dollars ($500.00) nor more than Five Thousand Dollars ($5,000.00), or imprisonment for not more than six (6) months, or both.

E. The interest or penalty or any portion thereof, as imposed by subsection A, B or C of this section, may be waived or remitted by the State Treasurer if the person's failure to pay abandoned funds or deliver property is satisfactorily explained to the State Treasurer or if such failure has resulted from a mistake by the person of either the law or the facts subjecting that person to pay abandoned funds or deliver property subject to the Uniform Unclaimed Property Act, or inability to pay such interest or penalty resulting from insolvency. <u>The State Treasurer may also authorize amnesty programs to promote voluntary compliance with the Uniform Unclaimed Property Act, and may participate and cooperate with other state administrators of abandoned or unclaimed property programs in nationwide amnesty programs. For purposes of this section, amnesty programs are programs in which potential holders of unclaimed property are granted waivers of interest and civil penalties if they</u>

voluntarily begin to comply with the reporting requirements of the state's unclaimed property laws.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.1 of Title 62, unless there is created a duplication in numbering, reads as follows:

Sections 8 through 14 of this act shall be known and may be cited as the "Security for Local Public Deposits Act".

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.2 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in the Security for Local Public Deposits Act:

1. "Financial institution" means any bank, savings bank, savings and loan association or credit union; and

2. "Public entity" means any county, city, town or board of education of a public school district or vocational-technical school district or other governmental or public entity of a local nature which is required or permitted by law to collateralize its deposits.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.3 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. All public deposits made by a treasurer of a public entity in financial institutions shall be secured as provided for in the Security for Local Public Deposits Act. As used in this section, "public deposits" means all forms of demand deposits or time deposits, but shall not include other investments authorized by statute which are made by a treasurer of a public entity.

B. The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office, in one or more financial institutions that have been designated as either state or county depositories, or both, and the acceptance of any such deposit from

any such treasurer shall be tantamount to adoption, in relation thereto, of the same privileges and conditions, other than collateral security, as are now provided by law in acceptance of designation as state or county depositories. The treasurer may establish a depository or depositories for demand accounts in financial institutions outside of the governmental or municipal area of the treasurer but within this state. The State Treasurer is hereby authorized to be the official depository for the treasurer of any county, and for the treasurer of any city or board of education where such city or school district has a population of five thousand (5,000) or more inhabitants but only for deposit of remaining fund balances in inactive funds and not for checking purposes. The county treasurer is hereby authorized to be official depository for the treasurer of any city, town, or board of education.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.4 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

B. Upon authorization by the treasurer of a public entity, a financial institution shall place required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma or with another financial institution located in this state that is not owned or controlled by the same institution or holding company. The

State Treasurer shall designate a number of such financial institutions authorized to serve as safekeeping or custodial institutions. The financial institution depositing collateral securities shall deliver to the treasurer of the public entity a power of attorney authorizing the treasurer to transfer or liquidate the securities in the event of a default, financial failure or insolvency of a public depository. The State Treasurer must approve any forms or pledge agreements used by public entities and financial institutions in securing public deposits of public entities.

C. Securities eligible for collateral shall be valued at market value. The treasurer shall review and determine the market value of collateral pledged for security not less than quarterly. The market value of pledged securities shall be provided to the treasurer by either the financial institution holding the deposit or the financial institution holding the collateral securities, which market value must have been obtained from an independent, recognized and documented source. The State Treasurer shall promulgate rules to provide for the valuation of collateral if the market value is not readily determinable. The State Treasurer shall prescribe reporting requirements and forms for financial institutions to list collateral securities pursuant to this section.

D. The State Treasurer shall promulgate rules for the acceptance of collateral instruments described in Section 12 of this act, to secure deposits of the public entity. Such rules shall require that sufficient documentation exists to establish that the provider of the collateral instrument will protect the public entity in the event of a default, financial failure or insolvency of a public depository.

E. All securities purchased by a treasurer of a public entity or held in custody for other departments of the public entity by the treasurer shall be held in financial institutions not involved in

such transactions and shall not be held by the treasurer or a broker.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.5 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. For purposes of securing public deposits, the treasurer of a public entity may accept as collateral only those securities and other instruments listed below. To insure the safety of public funds, the treasurer may establish standards which restrict, or limit further, any of the types or classes of securities or instruments listed below which may be accepted. Any treasurer of a public entity may request the State Treasurer to determine the eligibility of an individual security for pledging under this section. The treasurer may select the following securities and instruments for the purpose of securing public deposits:

1. Obligations, including letters of credit of the United States Government, its agencies and instrumentalities;

2. Obligations of this state or of a county, municipality, or school district of this state or of an instrumentality of this state or a county, municipality or school district of this state;

3. General obligation bonds of any other state of the United States; and

4. A surety bond if:

a. subject to the terms and conditions of the bond, it is irrevocable and absolute,

b. the surety bond is issued by an insurance company authorized to do business in Oklahoma, and which has been approved by the State Treasurer,

c. the issuer of the surety bond does not provide surety bonds for any one financial institution in an amount that exceeds ten percent (10%) of the surety bond

insurer's policyholders' surplus and contingency reserve, net of reinsurance, and

d. the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the State Treasurer.

B. A financial institution may substitute different forms of collateral from time to time, provided that the collateral is acceptable to the treasurer, and meets the requirements of this section and the rules of the State Treasurer.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.6 of Title 62, unless there is created a duplication in numbering, reads as follows:

In the event of a default or insolvency of a public depository, the treasurer of a public entity shall implement the following procedures:

1. In cooperation with the State Department of Banking and other regulatory officials, the treasurer shall ascertain the amount of public funds on deposit at the defaulting institution and the amount of deposit insurance applicable to such deposit;

2. The potential loss to the public entity shall be calculated by the treasurer. The loss to the public entity shall be satisfied, insofar as possible, first through any applicable deposit insurance and then through the sale of securities pledged, or through the proceeds of collateral instruments pledged, by the defaulting depository institution. Such sales shall be conducted by the treasurer;

3. The securities, bonds or other forms of collateral shall become forfeited to and become the property of the public entity. If the securities, bonds or other forms of collateral are valued at less than the amount of principal and interest due to the public entity plus the cost of the ensuing sale, the securities, bonds and

other forms of collateral shall be sold by the treasurer, and the treasurer shall be entitled to recover from the financial institution such balances with costs and attorney's fees. If the market value of the securities, bonds or other forms of collateral exceeds the principal and interest due to the public entity plus the cost of the ensuing sale, the securities, bonds and other forms of collateral may be sold by the treasurer and the excess of the proceeds shall be returned to the pledging financial institution or its receiver, without further process of law.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517.7 of Title 62, unless there is created a duplication in numbering, reads as follows:

When public deposits are made in accordance with the Security for Local Public Deposits Act, the treasurer of a public entity shall not be liable for any loss resulting from the default or insolvency of a public depository in the absence of negligence, malfeasance, misfeasance or nonfeasance on the part of the treasurer.

SECTION 15. AMENDATORY 70 O.S. 1991, Section 5-115, as last amended by Section 5, Chapter 327, O.S.L. 1999 (70 O.S. Supp. 1999, Section 5-115), is amended to read as follows:

Section 5-115. A. Unless the context clearly shows otherwise, the term “treasurer”, as used in this section, includes a county treasurer acting as the treasurer of a school district pursuant to the provisions of Section 5-114 of this title. The treasurer so appointed shall execute, before entering upon the duties of the office of the treasurer, a surety bond in an amount which it is estimated by the board of education the treasurer will have on hand at any one time during the current year, and the amount of securities held as investments shall not be considered. The board of education is empowered to require the treasurer to increase or decrease the bond of the treasurer as the amount of funds on hand

may require. Provided, the bond of a school district shall not, in any event, be required to be in an amount greater than that of the county treasurer of the county. The premium on the bond shall be paid by the board of education out of district funds. Provided, however, the treasurer of such district shall require the depository wherein school district funds are deposited to insure or guarantee the deposit by proper securities, which shall be of the same class of securities as are required to insure deposits of county treasurers of the various counties, and the securities shall be pledged, taken and kept in the manner provided by ~~Sections 516.1 through 516.10 of Title 62 of the Oklahoma Statutes~~ Sections 8 through 14 of this act.

B. In all districts which are permitted by law to select a local treasurer, the county treasurer shall act as treasurer thereof until such time as a local treasurer shall be appointed and has executed the surety bond required by this section. In no instance in which the county treasurer is the treasurer of any school district shall any additional bond be required, but the official bond of the county treasurer shall stand for any and all funds and securities coming into the hands of the county treasurer.

C. The local treasurer of a district, when required by the board of education, shall prepare and submit in writing a report of the condition of the finances of the district and shall produce at any meeting of the board or to any committee appointed for the purpose of examining the accounts of the treasurer all books and papers pertaining to the office of the treasurer. Upon failure to make reports as provided for herein or as may otherwise be required by law, the board may at any regular or special meeting thereof summarily suspend the treasurer, and while so suspended the treasurer shall perform no act pertaining to the office of the treasurer. Such suspension shall continue until ended by order of the board or by judgment of a court of competent jurisdiction.

D. The local treasurer of a school district shall keep a separate cash ledger for each fund in the custody of the treasurer. The local treasurer shall enter each collection and disbursement in the cash ledger of the applicable fund by recording the date and classification of each transaction and such other information as may be deemed desirable. Additional ledgers shall also be maintained to record the investments made from each fund. Such investment ledgers shall disclose the date, description and principal amount paid for each investment purchased and the date and principal amount received for each investment liquidated.

E. Upon suspension by the board, the treasurer shall immediately turn over to the board of education or to the acting treasurer if one has been appointed by the board all books and papers and other property pertaining to the office of the treasurer.

F. Except as otherwise provided by law, no treasurer of any district shall pay out school district funds in the care of the treasurer except upon warrants signed by the proper school district officials authorized by the law to sign such warrants, provided, this restriction shall not apply to sinking funds or to the investment of school district funds. Authorized sinking fund payments and payment for investments or receipt of liquidated investments may be made by check, wire transfer or other instrument or method through the Federal Reserve System.

G. The board of education shall, each month, set aside funds to an operating account and to an investment account. Investments by the treasurer shall be made in accordance with a written policy adopted by the board of education. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity, quality of the instrument, and capability of investment management. Acting within the investment policy, the treasurer shall place primary emphasis on safety and liquidity in the investment of funds. Taking into account the need to use sound

investment judgment, school districts shall, to the extent practicable, use competitive bids when they purchase direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. The board of education must review the investment performance of the treasurer on a regular basis and no less than each month. The treasurer of every school district shall invest the full amount of the investment account in:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided, a treasurer of a school district who has completed the program pursuant to the provisions of subsection H of this section may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;

2. Obligations to the payment of which the full faith and credit of this state is pledged;

3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;

4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation. Provided, that the income received from the investments may be placed in the general fund of the governmental subdivision to be used for general governmental operations;

5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this subsection including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited

with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;

6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value. The income received from that investment may be placed in the general fund of the governmental subdivision to be used for general governmental operations, the sinking fund, the building fund, or the fund from which the investment was made;

7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 of this subsection;

8. Warrants, bonds or judgments of the school district; or

9. Qualified pooled investment programs, the investments of which consist of those items specified in paragraphs 1 through 8 of this subsection, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an interlocal cooperative agreement formed pursuant to Section 5-117b of this title, and the program must competitively select its investment advisors and other professionals. Any pooled investment program used must be approved by the board of education.

H. The board of education is hereby empowered to require the treasurer to satisfactorily complete an investment education program

approved by the State Board of Education and the State Board of Vocational- and Technical Education. Such program shall be designed to allow treasurers to make informed decisions regarding the safety, return, liquidity, costs and benefits of various investment options allowed under this section.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 184 of Title 73, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Capitol Improvement Authority, in cooperation with the State Treasurer, is hereby authorized to create and administer a state agency equipment leasing and finance program. The Authority may issue notes or other obligations, the proceeds of which may be used to acquire equipment required by state agencies. The Authority may lease the equipment to state agencies and pledge the revenues from the leases to secure the notes or obligations. The notes or obligations shall not be debts of the State of Oklahoma but shall be payable solely from the revenue derived from the leases. Provided, the Authority is further authorized to notify the Office of State Finance of any default by an agency leasing equipment under the program. If the Office of State Finance determines that the defaulting agency has funds lawfully available to pay the defaulted lease payment, the Office of State Finance is authorized and directed to generate the payment to the Authority and reduce the spending authority of the defaulting agency by a corresponding amount. The State Treasurer is authorized to purchase the notes or obligations from the Authority as an investment at rates comparable with other state investments. The Attorney General shall review and approve all documentation necessary to carry out the program. The Authority may authorize a total maximum authorized amount of notes and obligations to be used for the program on a fiscal year basis, and it shall not be necessary to adopt a resolution for each individual note or obligation secured by a state agency lease. Not

more than Five Million Dollars ($5,000,000.00) of such notes or obligations for this purpose may be issued in any single fiscal year.

SECTION 17. REPEALER 62 O.S. 1991, Sections 516.1, 516.2, as amended by Section 12, Chapter 85, O.S.L. 1998, 516.3, as amended by Section 8, Chapter 164, O.S.L. 1997, 516.4, 516.5, 516.6, as amended by Section 1, Chapter 77, O.S.L. 1994, 516.7, 516.8, 516.9 and 516.10 (62 O.S. Supp. 1999, Sections 516.2, 516.3 and 516.6), are hereby repealed.

SECTION 18. This act shall become effective July 1, 2000.

SECTION 19. 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 Senate the 6th day of March, 2000.

_____
President of the Senate

Passed the House of Representatives the ____ day of _____, 2000.

_____
Speaker of the House of Representatives