

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1300

By: Turner

COMMITTEE SUBSTITUTE

An Act relating to rural economic development; amending 62 O.S. 2001, Section 695.24, which relates to the Oklahoma Private Activity Bond Allocation Act; modifying amount reserved for Oklahoma Housing Finance Agency; creating the Rural Area Development Task Force; providing for membership; providing for selection of officers; providing for application of certain statutory provisions; prescribing study by Task Force; authorizing request for assistance; providing for staff assistance; requiring review of prior recommendations; requiring final report; providing for travel reimbursement; 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 62 O.S. 2001, Section 695.24, is amended to read as follows:

Section 695.24 A. 1. The first Thirty Million Dollars (\$30,000,000.00) of any portion of the state ceiling which is in excess of One Hundred Seventy Million Dollars (\$170,000,000.00) shall be reserved and placed in the Student Loan Pool.

2. a. The second Thirty Million Dollars (\$30,000,000.00) which is in excess of One Hundred Seventy Million Dollars (\$170,000,000.00) shall be reserved and placed in a pool designated as the Economic Development Pool. For the period January 1 through September 1 of each calendar year, allocations from this pool may be made only upon the recommendation of the Director of the Oklahoma Department of Commerce and following review and approval by the Executive and Legislative Bond

Oversight Commissions. In order to approve the recommendation, the Bond Oversight Commissions must find that the project seeking an allocation from this pool will result in the creation of manufacturing jobs in this state or will in some other way contribute to an economic development objective of this state.

b. For purposes of this subsection, "manufacturing jobs" means jobs created by manufacturing facilities as that term is defined in subparagraphs a, b, and c of paragraph 1 of subsection B of Section 2902 of Title 68 of the Oklahoma Statutes.

c. The amount reserved and placed in the Economic Development Pool shall be excluded from the calculation of the state ceiling for the purposes of determining the amounts to be reserved and placed in the other Pools set forth in this section.

3. Any remainder of the state ceiling which is in excess of the amounts reserved pursuant to paragraphs 1 and 2 of this subsection shall be reserved and placed in the Local Issuer Single Family Pool.

B. 1. Eighteen and seventy-five one hundredths percent (18.75%) of the state ceiling shall be reserved and placed in a pool to be designated the Qualified Small Issue Pool.

2. For the period January 1 through September 1 of each calendar year, the Qualified Small Issue Pool shall be allocated to qualified small issue bond projects undertaken by either state or local issuers. Allocations will be available to issuers on a first-come, first-serve basis.

C. 1. Eight percent (8%) of the state ceiling shall be reserved and placed in a pool to be designated the Beginning Agricultural Producer and Exempt Facility Pools.

2. For the period January 1 through September 1 of each calendar year, the Beginning Agricultural Producer Pool shall be

allocated pursuant to the criteria established in Section 5063.23 of Title 74 of the Oklahoma Statutes according to a ratio of fifty percent (50%) of the total amount allocated for the combined purposes, not to exceed Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000.00), the remainder to be allocated for a period January 1 through September 1 of each calendar year to exempt facility bonds issued by either state or local issuers. Allocations will be available to issuers on a first-come, first-serve basis.

D. 1. In addition to the amount set forth in Section 695.24 of this title, six and twenty-five one-hundredths percent (6.25%) of the state ceiling is hereby set aside for student loan bonds and, annually, shall be reserved and placed in a pool to be designated the Student Loan Pool.

2. For the period January 1 through September 1 of each calendar year, the Student Loan Pool shall be allocated to qualified student loan bonds issued by eligible state issuers. Allocations will be available to issuers on a first-come, first-serve basis.

E. 1. Fourteen and seventy-five one-hundredths percent (14.75%) of the state ceiling shall be reserved and placed in a pool to be designated the Oklahoma Housing Finance Agency Pool.

2. a. For the period January 1 through September 1 of each year, the Oklahoma Housing Finance Agency Pool shall be allocated to qualified single family bonds, multifamily bonds, or mortgage credit certificates issued by the Oklahoma Housing Finance Agency.

b. Provided, ~~twenty-five percent (25%)~~ thirty-five percent (35%) of the allocation from the Oklahoma Housing Finance Agency Pool shall be set aside for at least three (3) months for the origination of single family loans in counties with populations of three hundred thousand (300,000) or less.

F. 1. Six percent (6%) of the state ceiling shall be reserved and placed in a pool to be designated the State Issuer Pool. For the period commencing January 1 of each calendar year through September 1 of the same year, the State Issuer Pool shall be allocated to those qualified small issuer projects undertaken by state issuers which have issued in excess of Seventy-five Million Dollars (\$75,000,000.00) in qualified small issue bonds.

2. Notwithstanding the provisions of this section, a state issuer specifically limited in jurisdiction to one county shall be treated as a local issuer for the purposes of allocation.

G. 1. The balance of the state ceiling shall be reserved and placed in a pool to be designated the Local Issuer Single Family Pool. For the period commencing January 1 of each calendar year through September 1 of the same year, the Local Issuer Single Family Pool shall be allocated first, Fifteen Million Dollars (\$15,000,000.00) to any public trust created to provide single family housing having a county with a population in excess of three hundred thousand (300,000) as its sole beneficiary and which has issued tax exempt single family housing revenue bonds in the amount of at least Four Hundred Million Dollars (\$400,000,000.00). The balance of this pool shall be allocated to single family projects undertaken by other local issuers in counties with populations of three hundred thousand (300,000) or less on a first-come, first-serve basis with no single local issuer or project to receive an allocation in excess of Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) from the Local Issuer Single Family Pool.

2. An issuer which has not received any allocation from the State Issuer Pool and having a single family project limited in jurisdiction to twenty counties or less, each of which has a population of three hundred thousand (300,000) or less, shall be considered a local issuer for the purposes of this subsection.

H. The state ceiling for each calendar year shall be allocated within the categories set forth in subsections A, B, C, D, E, F and G of this section to all private activity bonds, as follows:

1. Except as provided in Section 695.21 et seq. of this title, the state ceiling shall be allocated in the order in which confirmations are issued;

2. The State Bond Advisor shall issue confirmations in the order in which fully and properly completed applications for state ceiling allocation are received. The State Bond Advisor shall have the limited authority to defer or deny confirmation on applications for state ceiling allocation which appear to be incomplete or premature based upon information submitted or which fail to show demand for funds pursuant to subsections F and G of Section 695.25 of this title; and

3. The State Bond Advisor shall have no discretionary control regarding the issuance of confirmations, except as specifically provided in the Oklahoma Private Activity Bond Allocation Act.

In the event a confirmation or application is denied, the State Bond Advisor, within five (5) business days following such denial, shall send written notice of such denial to the applicant together with a brief recital of the reason therefor.

I. 1. On September 2 of each calendar year, nonallocated sums remaining in the Economic Development Pool, Qualified Small Issue Pool, the Beginning Agricultural Producer Pool, the Exempt Facility Pool, the Student Loan Pool, the Oklahoma Housing Finance Agency Pool, the State Issuer Pool and the Local Issuer Single Family Pool shall be consolidated into the Consolidated Pool.

2. All local issuers and state issuers shall be entitled to obtain allocations from the Consolidated Pool for any private activity bond or mortgage credit certificate program based on the chronological order of completed applications received after January

1 of each calendar year which applications have not received an allocation.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8302 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Rural Area Development Task Force. The Task Force shall consist of eleven (11) members to be selected as follows:

1. One member to be appointed by the Speaker of the House of Representatives;

2. One member to be appointed by the President Pro Tempore of the Senate;

3. Five members to be appointed by the Governor, each of whom shall have demonstrated experience or interest in one or more issues affecting rural development, including, but not limited to, private sector financial expertise, economic development at the state or local level, agricultural economics, health care services, communications technology, business site location decisions, rural housing or such other areas of expertise as the Governor deems to be in the best interests of service as a member of the Task Force;

4. One member who shall be the Executive Director of the Oklahoma Department of Commerce or a designee;

5. One member who shall be the Director of the Oklahoma Department of Agriculture, Food and Forestry or a designee;

6. One member to be selected by the board of directors of Rural Enterprises, Inc.; and

7. One member to be selected by Oklahoma Association of Regional Councils, with the advice and consent of each of the substate planning districts.

B. The Task Force shall select from among its membership a chair and vice-chair. The Task Force shall be authorized to meet at

such times as may be required in order to perform the duties imposed upon it by law.

C. The Task Force shall be subject to the Oklahoma Open Meeting Act and the Oklahoma Open Records Act.

D. The Task Force shall study and examine ways in which the State of Oklahoma:

1. Can effectively develop its rural economy;

2. Promote rural areas of the State of Oklahoma for purposes of business site location efforts;

3. Support existing efforts to assist rural areas of the state with economic development efforts;

4. Can modify existing incentives or create additional incentives that are likely to result in the formation of business capital and job creation which directly benefits the communities located in primarily rural areas of the state;

5. Can modify existing incentives or create additional incentives that promote and support individuals engaged in agriculture, aquaculture, farming, ranching, agricultural product processing and all forms of business activity that add significant value to inputs developed with labor and capital originating from the state; and

6. Take such other actions as may be conducive to the improvement of the rural Oklahoma economy and creation of quality employment in rural areas and to enhance the quality of life for rural residents.

E. The Task Force may request such assistance as it may require from the Oklahoma Department of Commerce, the Oklahoma Department of Agriculture, Food and Forestry, the Oklahoma Employment Security Commission, the Oklahoma Tax Commission, the Oklahoma Tourism and Recreation Department, the Oklahoma Department of Career and Technology Education, and such other entities of state government as the Task Force may deem relevant to its mission and duties.

F. Staff assistance for the Task Force shall be provided by the Oklahoma House of Representatives and the State Senate.

G. The Task Force shall examine the final recommendations of any previous Task Force, Commission, working group, association or other entity that has previously undertaken a study of rural economic development efforts within the ten (10) years preceding the effective date of this act. The Task Force shall determine the extent to which any of such recommendations have been implemented, either pursuant to changes in state law or policy, and to the extent possible, the Task Force shall determine whether the implementation of the recommendation from such prior studies was effective.

H. The Task Force shall develop recommendations specifically designed to improve the economic development of rural areas of the State of Oklahoma, whether through formation of business capital, job creation, job training, agricultural development, small business formation and entrepreneurship programs, or other method identified by the Task Force as having potential for improvement of economic and related conditions in rural areas of the state. The recommendations shall be contained in a final report to be submitted to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate not later than December 31, 2003.

I. Travel reimbursement for the members of the Task Force shall be provided by the appointing authorities. Legislators who are members of the Task Force shall be reimbursed pursuant to Section 456 of Title 74 of the Oklahoma Statutes.

SECTION 3. Section 1 of this act shall become effective January 1, 2004.

SECTION 4. 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.

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