

ENROLLED SENATE  
BILL NO. 221

By: Leftwich of the Senate

and

Blackburn of the House

An Act relating to public finance; amending 62 O.S. 2001, Sections 353 and 753, which relate to municipal bonds; providing that mandatory sinking fund be deemed a maturing installment; modifying authorized denomination of bonds; requiring certain accountant certificate as predicate for certain refunding bonds; 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 353, is amended to read as follows:

Section 353. A. Except as provided for in subsection B of this section, whenever any municipal corporation or political subdivision of this state shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354 of this title shall be made to mature in equal annual installments, beginning not less than two (2) nor more than five (5) years after their date, except that the first maturing installment may be for such sum, not more than one installment and the last maturing installment may be for such sum not more than two installments, as will complete the full issue of such bonds notwithstanding the necessity of varying the amount thereof to complete the same.

B. 1. Whenever any municipal corporation or political subdivision of this state shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354 of this title, may be made to mature pursuant to a schedule of annual installments which allows the bonds to be structured with level debt service payments. Such bonds shall mature beginning not less than two (2) years nor more than five (5) years after their date.

2. For purposes of this subsection:

- a. "level debt service" means that net total annual or fiscal debt service, except for short or stub periods, must be approximately equal for every annual or fiscal period, provided that all net annual or fiscal

payments must be within a dollar amount range not to exceed the greater of two-tenths of one percent (0.2%) of the bond issue or twice the stated denomination of the bonds, and

- b. "short or stub periods" means the period preceding the beginning of full amortization of principal and payment of interest.

C. For purposes of subsections A and B of this section, a mandatory sinking fund redemption amount shall be deemed to be a maturity or maturing installment.

D. The denomination of bonds issued pursuant to the provisions of this section shall be ~~One Hundred Dollars (\$100.00)~~ One Thousand Dollars (\$1,000.00) or multiples thereof, ~~not exceeding One Hundred Thousand Dollars (\$100,000.00)~~ except the first numbered bond may be for such odd amount as will complete the full issue of the bonds. Provided, when a book entry system is utilized, the issuer may issue and deliver one bond only, for the entire principal amount of each maturity or of the entire issue, to the book entry agent.

SECTION 2. AMENDATORY 62 O.S. 2001, Section 753, is amended to read as follows:

Section 753. A. A refunding of outstanding obligations of a public body pursuant to the provisions of the General Obligation Public Securities Refunding Act shall only occur for the following purposes:

1. Avoiding or terminating any default in the payment of interest on or principal of, or both, of obligations, provided a postponement in the maturity date of all or any portion of obligations shall be approved at an election as provided for in ~~Section 4 of this act~~ Section 754 of this title; or

2. Reducing the net effective interest rate of obligations; or

3. Reducing the total interest payable over the life of obligations; or

4. Reducing the total principal and interest payable on obligations; or

5. Any combination of the purposes specified in this subsection.

Provided, no refunding shall be authorized for purposes of paragraph 2, 3 or 4 of this subsection unless the public body provides the Attorney General with a certificate of a certified public accountant that the taxes payable with respect to the refunding bonds over the life of the refunding bonds has a lesser present value than the present value of taxes that would have been payable with respect to the refunded bonds over the life of the refunded bonds. Such certificate shall assume no other sources of funding are deposited to the sinking fund with respect to either the

refunding bonds or the refunded bonds and shall be calculated on the same present value basis.

B. A refunding of outstanding obligations of a public body may be accomplished pursuant to the provisions of the General Obligation Public Securities Refunding Act by the issuance, without an election except as otherwise provided in the General Obligation Public Securities Refunding Act, of bonds for refunding, paying, and discharging all or any part of the outstanding obligations, including a portion of one or more issues of the obligations and including any interest thereon in arrears or about to become due.

SECTION 3. This act shall become effective July 1, 2003.

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.

Passed the Senate the 20th day of May, 2003.

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Presiding Officer of the Senate

Passed the House of Representatives the 23rd day of May, 2003.

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Presiding Officer of the House  
of Representatives