STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

SENATE BILL 840 By: Coates

AS INTRODUCED

An Act relating to public finance; amending 61 O.S. 2001, Section 102, as amended by Section 13, Chapter 294, O.S.L. 2002 (61 O.S. Supp. 2003, Section 102), which relates to the Public Competitive Bidding Act of 1974; amending 62 O.S. 2001, Section 430.1, as last amended by Section 8, Chapter 433, O.S.L. 2003 (62 O.S. Supp. 2003, Section 430.1), which relates to powers of political subdivisions to rent property; modifying definitions; and declaring an emergency.

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

SECTION 1. AMENDATORY 61 O.S. 2001, Section 102, as amended by Section 13, Chapter 294, O.S.L. 2002 (61 O.S. Supp. 2003, Section 102), is amended to read as follows:

Section 102. As used in the Public Competitive Bidding Act of 1974:

1. "Administrator" means the State Construction Administrator of the Construction and Properties Division of the Department of Central Services;

2. "Awarding public agency" means the public agency which solicits and receives sealed bids on a particular public construction contract;

3. "Bidding documents" means the bid notice, instruction to bidders, plans and specifications, bidding form, bidding instructions, general conditions, special conditions and all other written instruments prepared by or on behalf of an awarding public agency for use by prospective bidders on a public construction contract;

4. "Chief administrative officer" means an individual responsible for directing the administration of a public agency. The term does not mean one or all of the individuals that make policy for a public agency;

5. "Public agency" means the State of Oklahoma, and any county, city, town, school district or other political subdivision of the state, any public trust, any public entity specifically created by the statutes of the State of Oklahoma or as a result of statutory authorization therefor, and any department, agency, board, bureau, commission, committee or authority of any of the foregoing public entities;

6. "Public construction contract" or "contract" means any contract, exceeding Twenty-five Thousand Dollars ($25,000.00) in amount, awarded by any public agency for the purpose of making any public improvements or constructing any public building or making repairs to or performing maintenance on the same except where the improvements, construction of any building or repairs to the same are improvements or buildings leased to a person or other legal entity exclusively for private and not for public use and no public tax revenues shall be expended on or for the contract unless the public tax revenues used for the project are authorized by a majority of the voters of the applicable public agency voting at an election held for that purpose and the public tax revenues do not exceed twenty-five percent (25%) of the total project cost. The amount of public tax dollars committed to the project will not exceed a fixed amount established by resolution of the governing body prior to or concurrent with approval of the project;

7. "Public improvement" means any beneficial or valuable change or addition, betterment, enhancement or amelioration of or upon any real property, or interest therein, belonging to a public agency, intended to enhance its value, beauty or utility or to adapt it to new or further purposes. The term does not include the direct

purchase of materials, equipment or supplies by a public agency ~~or any personal property as defined in subsection B of Section 430.1 of Title 62 of the Oklahoma Statutes~~; and

8. "Retainage" means the difference between the amount earned by the contractor on a public construction contract, with the work being accepted by the public agency, and the amount paid on said contract by the public agency.

SECTION 2. AMENDATORY 62 O.S. 2001, Section 430.1, as last amended by Section 8, Chapter 433, O.S.L. 2003 (62 O.S. Supp. 2003, Section 430.1), is amended to read as follows:

Section 430.1 A. The governing board of any county, city or town, or school district is authorized to rent on a monthly basis real or personal property as authorized by the governing board and to pay the rental charges thereon for usage during any fiscal period, or portion thereof, out of appropriations made and approved for such purposes for, or during, such fiscal year. Any such rental contract extending beyond June 30 of the fiscal year shall contain provisions for mutual ratification of renewal under the conditions provided in this section.

B. As used in this section, the term "personal property" shall include, but not be limited to:

1. Portable, or otherwise moveable, buildings and structures;

2. Prefabricated metal buildings and structures, along with necessary utility services for such buildings or structures;

3. Roofs placed over existing roof structures; ~~provided, retrofit metal roofs shall not be included within the definition of "personal property" for purposes of this section;~~ and

4. Other structures or property that can be disassembled after installation and removed without permanent physical damage to existing property.

Notwithstanding the provisions of Section 7 of Title 60 of the Oklahoma Statutes, such personal property shall retain its status as

personal property and shall not be deemed to become attached to the real estate for the duration of the lease-purchase agreement.

C. It is the purpose of this section to authorize such governing boards to enter into lease and lease-purchase contracts but not to incur any obligation upon the part of their respective municipal or governmental subdivisions in excess of the income and revenue thereof provided for such purposes for the fiscal year in which the lease contract is effectively operative.

D. Any agreement to lease and purchase real or personal property, where title is to be acquired by the municipal or governmental subdivision, shall state the purchase price of the real or personal property so leased and in no event shall the lease be extended so as to cause payment of more than the stated purchase price of the real or personal property plus interest not to exceed ten percent (10%) simple interest on the unpaid balance due as of each payment date. When the purchase price plus interest has been paid, the property shall belong to the lessee and the lessor shall deliver a bill of sale to the property to the lessee. Any lease-purchase agreement may include an option to purchase, transfer and acquire title during the term of the lease upon payment of the balance of the agreed purchase price, and each agreement shall include a provision to transfer title to the lessee at the end of the completed lease term for nominal or no additional consideration.

E. The payment for the lease or rental of real or personal property shall be made only from annual and supplemental appropriations specifically designated for such purpose, and no appropriation for the purpose of paying rentals on real or personal property shall be transferred or diverted to any other purpose, except as may be authorized by the terms of the agreement or by law.

F. When any real or personal property has been leased or rented during any fiscal year under any contract which permits continuance of such rental for the remainder of the fiscal year, the renting or

leasing thereof shall be continued for the remainder of the fiscal year unless the governing body renting or leasing the same, by proper resolution entered in the minutes of the governing body, shall certify that the continuance of such rental is unnecessary and contrary to the public interest. However, to affect a contract termination of lease or lease-purchase equipment, written notice shall be sent by certified mail to the vendor thirty (30) days prior to the termination of the contract. Such notice shall be accompanied by payment of all sums then owed up to the date of the termination of the contract and shall certify that the canceled equipment is not being replaced by equipment performing similar functions. All equipment covered by such contract termination shall be returned to the vendor at the expense of the governmental agency terminating such contract. Such equipment shall be returned in good condition to a location designated by the vendor and the equipment, when returned, shall be free of all liens and encumbrances. Satisfaction of all of the requirements of this section shall release the governmental agency terminating such contract from any further obligation to make any further payments to the vendor.

SECTION 3. 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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