THE STATE SENATE
Monday, February 28, 2005

Senate Bill No. 50

As Amended

SENATE BILL NO. 50 - By: JOHNSON of the Senate and STEELE and McMULLEN of the House.

[schools – secondary school building authorities – codification – effective date - emergency]

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

SB 50

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-190 of Title 70, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Transportation district" means the area for which a district provides transportation pursuant to Section 9-105 of Title 70 of the Oklahoma Statutes;

2. "Overlap area" means the area of an elementary school district that is within the transportation district of an independent district;

3. "Secondary grades" means grades higher than the highest grade offered by the elementary district that shares the overlap area with an independent district;

4. "Secondary school facilities" means facilities, buildings, and equipment, excluding transportation equipment, for which a

(Bold face denotes Committee Amendments)

district may incur indebtedness pursuant to Section 26 of Article X of the Oklahoma Constitution and which will be used in the provision of secondary grades; and

5. "Debt" or "indebtedness" means debt authorized pursuant to Section 26 of Article X of the Oklahoma Constitution.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-191 of Title 70, unless there is created a duplication in numbering, reads as follows:

In order to allow communities of independent and elementary school districts to cooperate to provide adequate school facilities for children who reside in elementary districts and attend secondary grades in an independent district, the Legislature hereby authorizes the creation of secondary school building authorities for the purposes set forth in this act. A secondary school building authority shall have the sole function of providing secondary school facilities upon authorization by an independent district and the elementary districts that share an overlap area or areas with the independent district. The procedure for creating a secondary school building authority shall be as follows:

1. If the independent district board of education believes the district needs additional or upgraded facilities for secondary grades, the board may by resolution authorize creation of a secondary school building authority upon election of trustees of the

authority from the independent district and each elementary district that shares an overlap area with the independent district;

2. Following the resolution authorizing the authority, the independent district and each elementary district that shares an overlapping area with the independent district shall each elect a representative from the district at the next general school election to serve on the authority board of directors. If fewer than three districts will be beneficiaries of the authority, each district shall elect two representatives. The election shall be conducted in the manner prescribed for board of education elections in Section 13A-101 et seq. of Title 26 of the Oklahoma Statutes;

3. The authority shall be formed on May 1 following certification of the election results by which the requisite member or members from each district is declared elected. The members shall elect a chair, vice-chair and secretary;

4. The authority shall select a superintendent from one of the districts that is served by the authority to serve as the chief executive officer of the authority. The treasurer for the school district where the superintendent serves shall serve as treasurer for the authority; and

5. The authority shall be a public trust with each participating school district being a beneficiary. All laws governing public trust functions and duties, except laws

inconsistent with the express provisions of this act, shall apply to a secondary school building authority. The creation of the trust shall require no approval beyond the procedures set forth in this act. The authority shall be subject to the Oklahoma Open Records Act and Oklahoma Open Meeting Act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-192 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The trustees of a secondary school building authority shall, following public hearings and input, determine the secondary school building needs sufficient to serve the students attending secondary grades in the independent district. If the trustees determine additional or upgraded facilities are needed, the authority, by majority vote of the trustees, may propose to the voters in the independent and elementary districts that the districts incur indebtedness pursuant to Section 26 of Article X of the Oklahoma Constitution to provide secondary school facilities through the authority. Specifically, the authority's proposal to the districts shall:

1. Describe generally the facilities or buildings and equipment that will be provided;

2. State that the facilities or buildings and equipment will be owned by the authority and leased for a nominal amount to the independent district;

3. State the total amount of indebtedness that must be authorized for the project to be funded; and

4. State the amount of indebtedness each district must authorize in order for the project to be funded; an elementary district cannot authorize debt that exceeds the applicable limits set forth in Section 4 of this act.

B. The election on the proposal shall be held in the manner prescribed for school district indebtedness proposals pursuant to Section 15-101 et seq. of Title 70 of the Oklahoma Statutes, except that the authority shall call the election. The election shall be held when general school elections are held pursuant to Section 13A-101 et seq. of Title 26 of the Oklahoma Statutes. Each district shall pay for the election costs incurred in the district and shall share in the general costs of ballot printing and similar expenses. Upon resolutions of all the affected district boards of education requesting that a special election be called for the proposal, the authority may call a special election. Approval of the proposal requires the assent to the debt of three-fifths (3/5) of the qualified electors of each district voting in the election as prescribed in Section 26 of Article X of the Oklahoma Constitution.

C. Upon approval of indebtedness to fund the proposal by the required number of voters in each district, each district shall issue bonds to meet its obligations for the proposal as authorized and required by law. The proceeds from the bonds shall be paid to the authority for its use in constructing the facilities and buying equipment as authorized. Upon completion of the project, the authority shall lease the facilities and equipment to the independent district for a nominal sum, with the lease to be renewed annually at the option of the district. If the facilities become obsolete or are not needed by the independent district, the authority may lease or sell the facilities, provided the proceeds shall be paid to each district in shares proportionate to the district's contribution to the facilities.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-193 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The limit of indebtedness an elementary district may authorize for a proposal by the secondary school authority shall never be more than four-thirteenths (4/13) of ten percent (10%) of the assessed valuation of the property in its overlap area. If the elementary district has unretired indebtedness or authority for indebtedness that would be outstanding when the indebtedness for the secondary building authority's proposal would be incurred, the

elementary district's limit for purposes of the proposal must be adjusted downward as follows:

1. Subtract from one the ratio of all unretired or authorized indebtedness of the elementary district to ten percent (10%) of the assessed valuation of all taxable property in the elementary district; and

2. Compute the debt limitation of the elementary district by multiplying the assessed valuation of the overlap area by the lesser of either four-thirteenths (4/13) or the remainder determined in paragraph 1 of this subsection.

B. An elementary district may vote to fund its share of the authority's proposal by approving indebtedness previously authorized but not incurred to be used for such purpose. The portion of prior authorized indebtedness that may be approved for the proposal cannot exceed the applicable limit as provided in this subsection.

C. The boundaries of the overlap area shall not be changed after approval of the authority's proposal by all districts.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-194 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For purposes of computing tax levies pursuant to Section 431 of Title 62 of the Oklahoma Statutes to satisfy indebtedness that an independent or elementary district authorizes for its share of the

secondary building authority's proposal, the following provisions shall apply:

1. In the independent district all taxable property included in the district's assessed valuation shall be subject to levies to satisfy the debt; and

2. In each elementary district, only the taxable property included in the district's assessed valuation that lies in the overlap area shall be subject to levies to satisfy the debt. The levies that may be assessed on the property in the overlap area shall be computed and limited as follows:

a. determine the number of mills that would be assessed against property in the overlap area if the district were indebted at the constitutional limit for the district, and

b. then multiply the number of mills determined in subparagraph a of this paragraph by either four-thirteenths (4/13) or the remainder computed in paragraph 1 of subsection A of Section 4 of this act, whichever is less.

B. Nothing in this act shall be construed as consolidating or annexing any elementary district to any independent district. Any proceedings that may be initiated to annex or consolidate any elementary district, including an elementary district that shares an

overlap area with an independent district, shall be governed by the laws related to annexation and consolidation, Section 7-101 et seq. of Title 70 of the Oklahoma Statutes. If an elementary district that shares an overlap area with an independent district is annexed or consolidated after debt is incurred or authorized for a secondary building authority proposal, property in the overlap area shall continue to be levied as provided in this act until retirement of the debt incurred or authorized for the secondary building authority proposal.

SECTION 6. This act shall become effective July 1, 2005.

SECTION 7. 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.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-16-05 - DO PASS, As Amended and Coauthored.