

3 Senate Bill No. 508
4 As Amended

5 SENATE BILL NO. 508 - By: GUMM of the Senate and BALKMAN of the
6 House.

7 [public finance - authorizing grant - taxable inducements -
8 effective date]

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

10 SECTION 1. AMENDATORY 62 O.S. 2001, Section 695.7, as
11 amended by Section 1, Chapter 215, O.S.L. 2003 (62 O.S. Supp. 2004,
12 Section 695.7), is amended to read as follows:

13 Section 695.7 A. 1. The Council of Bond Oversight shall
14 engage the services of a person knowledgeable in the current state
15 of the art of national and international standards for the issuance
16 of obligations by governmental entities and experienced in the
17 negotiation of fees for various goods and services requisite to or
18 deemed desirable in the issuance of such obligations as well as the
19 negotiation of other matters essential to provide the best current
20 price and terms of the issuance of such obligations for the benefit
21 of Oklahoma firms, farms, individuals and local communities, who
22 shall have the title "Oklahoma State Bond Advisor".

23 2. When appointing a person to the position of Oklahoma State
24 Bond Advisor, the Council shall conduct a national search in seeking

1 requests for proposals for the position. The person selected as the
2 Oklahoma State Bond Advisor shall be approved by an affirmative vote
3 of three of the members of the Council and appointed to the
4 position, subject to the advice and consent of the Senate.

5 3. The Oklahoma State Bond Advisor may be removed for cause by
6 an affirmative vote of three of the members of the Council, after a
7 public hearing.

8 B. The Oklahoma State Bond Advisor may employ the necessary
9 staff to carry out the duties of the Bond Advisor and the duties of
10 the Council, with approval of the Council. Effective July 1, 2003,
11 the Office of the State Bond Advisor shall be a separate state
12 agency as set forth in Section ~~2~~ 695.7a of this ~~act~~ title.

13 C. 1. Except as provided in Section 695.8 of this title, prior
14 to engaging the services of underwriters, bond or other legal
15 counsel, financial advisors, consultants, a financial institution to
16 serve as trustee, paying agent or in any fiduciary capacity in
17 connection with any program, indenture or general resolution of the
18 State Governmental Entity, or any other experts, except as provided
19 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State
20 Governmental Entity shall request proposals for such services from a
21 plurality of persons engaged in the particular activity for such
22 services and the selection of such persons shall be made on the
23 basis of the response to the request which is the most economical

1 and will provide competent service which furthers the best interest
2 of the State Governmental Entity and the state. In negotiating
3 requests for proposals to engage such services, the State
4 Governmental Entity shall seek the advice and assistance of the
5 Oklahoma State Bond Advisor. Under no circumstances shall tax
6 exempt proprietary inducements be granted. Proprietary federal
7 taxable inducements may be granted if approved by the State
8 Governmental Entity and the Bond Oversight Council. The Oklahoma
9 State Bond Advisor shall negotiate and approve fees for goods and
10 services requisite to or deemed desirable in the issuance of
11 proprietary federal taxable inducements. The Oklahoma State Bond
12 Advisor shall provide assistance and advice to State Governmental
13 Entities with respect to the issuance of obligations by said State
14 Governmental Entities, review, negotiate, and approve or disapprove
15 the fees and expenses for goods and services requisite to or deemed
16 desirable in the issuance of State Governmental Entity obligations
17 and represent the interests of the state before rating agencies and
18 credit enhancement providers.

19 2. The provisions of this subsection shall apply to any Local
20 Governmental Entity that proposes to issue obligations to fund
21 capital additions or expenditures which obligations are to be
22 retired by rental payments from the state, user fees from the state
23 or any other such payment made by any officer, department, board,

1 commission, institution or agency of the state. No Local
2 Governmental Entity may utilize a lease, contract, or other
3 agreement with a State Governmental Entity as collateral or security
4 for a proposed Local Governmental Entity obligation unless such
5 obligation has satisfied all of the provisions of this section.

6 D. The Oklahoma State Bond Advisor shall serve as an advisor to
7 the Governor and to the Legislature with respect to issuance of
8 indebtedness reviewed by the Council and shall prepare an annual
9 report to be submitted to the Governor, the President Pro Tempore of
10 the Senate and the Speaker of the House of Representatives as of
11 January 15 each year. The report shall contain a summary of the
12 issuance of indebtedness by State Governmental Entities and Local
13 Governmental Entities during the preceding year and such other
14 information as the State Bond Advisor may be required to submit or
15 as may be relevant.

16 E. The Oklahoma State Bond Advisor or any member of the
17 immediate family of the Oklahoma State Bond Advisor shall not have
18 any direct or indirect financial or contractual relationship with
19 any firm or corporation or any officer, partner or principal
20 stockholder of any firm or corporation directly involved in public
21 finance.

22 SECTION 2. This act shall become effective September 1, 2005.

23 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-22-05 - DO PASS,
24 As Amended and Coauthored.