STATE OF OKLAHOMA

2nd Extraordinary Session of the 50th Legislature (2006)

HOUSE BILL 1248 By: Dorman

AS INTRODUCED

An Act relating to the Commissioners of the Land Office; directing the Secretary of State to refer to the people for their approval or rejection proposed amendments to Sections 2 and 5 of Article XI of the Constitution of the State of Oklahoma; clarifying language; specifying the fund into which oil and gas lease proceeds shall be deposited; directing the Secretary of State to refer to the people for their approval or rejection a proposed amendment to the Constitution of the State of Oklahoma by adding a new Section 8 to Article XI; requiring the deposit of oil and gas lease proceeds into the Oklahoma Teachers' Retirement Fund; defining such use of proceeds as a use and benefit for common schools and educational institutions consistent with the intent of the Oklahoma Enabling Act; clarifying that deposit is proper under the Oklahoma Enabling Act; changing deposit of proceeds under certain conditions; defining term; providing ballot title; and directing filing.

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

SECTION 1. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to Section 2 of Article XI of the Constitution of the State of Oklahoma to read as follows:

Section 2. A. All proceeds of the sale of public lands that have heretofore been or may be hereafter given by the United States for the use and benefit of the common schools of this State, all such per centum as may be granted by the United States on the sales of public lands, the sum of five million dollars appropriated to the State for the use and benefit of the common schools in lieu of sections sixteen and thirty-six, and other lands of the Indian Territory, the proceeds of all property that shall fall to the State by escheat, the proceeds of all gifts or donations to the State for

common schools not otherwise appropriated by the terms of the gifts, and such other appropriations, gifts, or donations as shall be made by the Legislature for the use and benefit of the common schools, shall constitute the permanent school fund~~, the~~. All proceeds from oil and gas leases on lands which have been or may be granted by the United States to the State for the use and benefit of the common schools, including royalties, bonuses, rentals, or other monies, shall not be considered a part of the permanent school fund but shall be deposited into the Oklahoma Teachers' Retirement Fund as provided for in Section 8 of this Article.

B. The interest and income from ~~which~~ the permanent school fund shall be used for the benefit and maintenance of the common schools in the State.

C. The principal of the permanent school fund shall be deemed a trust fund held by the State, and shall forever remain inviolate. ~~It~~ The permanent school fund may be increased, but shall never be diminished. The State shall reimburse ~~said~~ the permanent school fund for all losses thereof which may in any manner occur, and no portion of ~~said~~ the fund shall be diverted for any other use or purpose.

SECTION 2. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to Section 5 of Article XI of the Constitution of the State of Oklahoma to read as follows:

Section 5. Section thirteen in every portion of the State, which has been granted to the State, shall be preserved for the use and benefit of the University of Oklahoma and the University Preparatory School, one-third; of the normal schools now established, or hereafter to be established, one-third; and of the Agricultural and Mechanical College and Colored Agricultural and Normal University, one-third. The said lands or the proceeds thereof as above apportioned to be divided between the institutions

as the Legislature may prescribe: Provided, That the said lands so reserved, or the proceeds of the sale thereof, or of any indemnity lands granted in lieu of section thirteen shall be safely kept or invested and preserved by the State as a trust, which shall never be diminished, but may be added to, and the income thereof, interest, rentals, or otherwise, only shall be used exclusively for the benefit of said educational institutions. All proceeds from oil and gas leases on section thirteen lands or any lands granted in lieu of section thirteen lands and lands granted by the United States for the benefit of educational institutions pursuant to Section 12 of the Oklahoma Enabling Act which shall be known and cited as the new college fund lands, including royalties, bonuses, rentals, or other monies, shall not be considered a part of the section thirteen educational funds or new college funds but shall be deposited into the Oklahoma Teachers' Retirement Fund as provided for in Section 8 of this Article. Such educational institutions shall remain under the exclusive control of the State and no part of the proceeds arising from the sale or disposal of any lands granted for educational purposes, or the income or rentals thereof, shall be used for the support of any religious or sectarian school, college, or university, and no portion of the funds arising from the sale of sections thirteen or any indemnity lands selected in lieu thereof, either principal or interest, shall ever be diverted, either temporarily or permanently, from the purpose for which said lands were granted to the State.

SECTION 3. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to the Constitution of the State of Oklahoma by adding a new Section 8 to Article XI thereof, to read as follows:

Section 8. A. All proceeds from oil and gas leases on all lands which have been or may be granted by the United States to the

State pursuant to the Oklahoma Enabling Act for the use and benefit of the common schools and the educational institutions specified in Section 5 of Article XI of the Oklahoma Constitution, including royalties, bonuses, rentals, or other monies, shall be deposited in the Oklahoma Teachers' Retirement Fund.

B. The funding of the Teachers' Retirement System of Oklahoma is essential to the maintenance of common schools and higher education institutions in the State in that an adequately funded Retirement System increases the opportunities to retain quality teachers to teach in the state. The use of the proceeds from oil and gas leases to fund the Teachers' Retirement System of Oklahoma is a use and benefit for common schools and higher education institutions in the State and is therefore consistent with the intention of Congress as set forth in the Oklahoma Enabling Act. Further, Section 8 of the Oklahoma Enabling Act provides that proceeds for oil and gas leases be covered into the proper fund, but does not specify the particular fund. Section 8 also allows the Oklahoma Legislature to prescribe additional legislation governing such leases that is not in conflict with the Oklahoma Enabling Act. As such, it is hereby declared that the Oklahoma Teachers' Retirement Fund is the fund in which the oil and gas lease proceeds properly belong.

C. When the funded ratio of the Teachers' Retirement System of Oklahoma equals eighty percent (80%), the proceeds from oil and gas leases as provided for in subsection A of this section shall be deposited into either the permanent school fund, section thirteen educational funds, or new college funds based on the type of land from which the proceeds are generated. For purposes of this subsection, "funded ratio" means the figure derived by dividing the actuarial value of assets of the retirement system by the actuarial accrued liability of the retirement system.

SECTION 4. The Ballot Title for the proposed Constitutional amendments as set forth in SECTIONS 1, 2 and 3 of this act shall be in the following form:

BALLOT TITLE

Legislative Referendum No. ____ State Question No. ____

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure amends the Oklahoma Constitution. It amends Sections 2 and 5 of Article 11. Section 2 involves the use of the permanent school fund. Section 5 involves the division and use of section thirteen and new college funds. This measure also adds a new section to Article 11. This measure spells out where oil and gas lease proceeds from school land are to be deposited. The proceeds are not to be deposited in the permanent fund, section thirteen funds, or new college funds. The proceeds are to be deposited in the Oklahoma Teachers' Retirement Fund. It makes clear that the required deposit is proper and is a use and benefit for common schools and higher education institutions as required in the Oklahoma Enabling Act. The deposits will change when the funding ratio in the Retirement Fund reaches eighty percent. At that point the proceeds are to be deposited in the permanent fund, section thirteen funds, or new college funds. Funding ratio is defined.

SHALL THE PROPOSAL BE APPROVED?

FOR THE PROPOSAL — YES _____

AGAINST THE PROPOSAL — NO _____

SECTION 5. The Chief Clerk of the House of Representatives, immediately after the passage of this act, shall prepare and file one copy thereof, including the Ballot Title set forth in SECTION 4 hereof, with the Secretary of State and one copy with the Attorney General.

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