

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2650

By: Reynolds

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 2001, Section 695.8, which relates to the Oklahoma Bond Oversight and Reform Act; modifying provisions related to findings required by the Council on Bond Oversight with respect to proposed borrowing by State Governmental Entities; requiring certain findings by majority vote; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2001, Section 695.8, is amended to read as follows:

Section 695.8 A. The ~~Executive~~ Council of Bond Oversight Commission and the Legislative Bond Oversight Commission shall:

1. Make determinations as to whether the purposes for which obligations proposed to be issued by a State Governmental Entity are for the furtherance and accomplishment of authorized and proper public functions or purposes of the state ~~or of~~ including a determination of whether the terms of the financing, including, but not limited to the total cost of the proposed borrowing, interest rate, maturity of obligations, and other terms of the financing, are consistent with nationally established standards applicable to indebtedness incurred by governmental entities and consistent with principles established by the Governmental Accounting Standards Board (GASB). No obligations shall be issued by a State Governmental Entity unless the Council, by majority vote, specifically finds that the terms of the financing are consistent with such standards;

2. Make determinations as to whether the purposes for which obligations to be issued by any county or municipality, as specified in the statutes governing public trusts organized pursuant to Title 60 of the Oklahoma Statutes, are for the furtherance and accomplishment of authorized and proper public functions or purposes of the county or municipality;

~~2.~~ 3. Review proposed issuance of debt by State Governmental Entities for compliance with any applicable provisions of federal, state or other laws;

~~3.~~ 4. Review proposed issuances of obligations to fund capital additions or expenditures by Local Governmental Entities when there is a lease, contract, or other agreement used as collateral or security under which payments from the state made by any officer, department, board, commission, institution or agency of the state are for the retirement of such obligations. The provisions of this section do not apply to funds which are collected by the state for distribution to a Local Governmental Entity or are appropriated or dedicated by the state to a Local Governmental Entity when there is no lease, contract, or other agreement used as collateral or security requiring payments by the state, which will be used to retire obligations of said Local Governmental Entity;

~~4.~~ 5. a. Except as provided in subparagraph b of this paragraph, review the findings of the Program Development and Credit Review Committee to determine if the Rules Regarding the Administration of the Credit Enhancement Reserve Fund and related regulations and policies as implemented by the Oklahoma Development Finance Authority adequately and sufficiently fulfill the intents and purposes of the Credit Enhancement Reserve Fund Act, Section 5063.1 et seq. of Title 74 of the Oklahoma Statutes, provided such provision shall not apply to Credit Enhancement

Reserve Fund applications approved by the Bond Oversight Commissions prior to May 30, 1990; and, except as provided in subparagraph b of this paragraph, approve or disapprove any bonds or indebtedness being issued by the Oklahoma Development Finance Authority to the extent said bonds or indebtedness are enhanced or supported pursuant to the Credit Enhancement Reserve Fund Act, Section 5063.1 et seq. of Title 74 of the Oklahoma Statutes.

- b. The Council of Bond Oversight Commissions shall not be required to review or approve individual projects or loans under the Small Business Credit Enhancement Program created by Section 5063.4b of Title 74 of the Oklahoma Statutes, or the Oklahoma Beginning Agricultural Producer Pool Act, Section 5063.21 et seq. of Title 74 of the Oklahoma Statutes, but may approve a package of such projects or loans in advance. Each project or loan shall be individually listed in the package and the dollar amount of the project or loan shall be specifically set out together with the total dollar amount involved in the package. The ~~Commissions~~ Council or the Oklahoma State Bond Advisor may, in their discretion, remove any such individual project or loan from the package submitted, for individual action. Should the Oklahoma Development Finance Authority submit an application to the ~~Commissions~~ Council for the approval of an obligation or credit enhancement under these two programs, the application shall be deemed approved if not disapproved by the ~~Commissions~~ Council within forty-five (45) days of filing such an application or,

as to an individual project or loan, removed from the submitted package within such forty-five-day period.

- c. The ~~Executive and Legislative~~ Council of Bond Oversight Commissions may establish maximum compensation levels to be paid to individuals and firms acting in a fiduciary capacity in connection with Credit Enhancement Reserve Fund Program financings. The ~~Executive and Legislative~~ Council of Bond Oversight Commissions may set such compensation levels for a one-year period and such compensation will be applicable to all individuals and firms participating in the program for that period. Providers of such services selected prior to making application may be employed subject to the established maximum compensation levels. Prior to December 31 of each year, the ~~Executive and Legislative~~ Council of Bond Oversight Commissions shall review market conditions and set new compensation levels for the program. Provided, such compensation levels may not exceed the compensation levels obtained by the Oklahoma Development Finance Authority through its most recent invitation to bid for the services of individuals and firms acting in a fiduciary capacity in connection with Credit Enhancement Reserve Fund Program financing; and

~~5.~~ 6. Adopt, amend and repeal rules to regulate affairs of the ~~Commissions~~ Council and to implement the powers and purposes of the ~~Commissions~~ Council.

B. The ~~Commissions~~ Council may establish budgets in order to fulfill their duties pursuant to Section 695.1 et seq. of this title and shall be authorized to charge and collect a fee, in accordance

with the rules of the ~~Commissions~~ Council, derived from proceeds of bond issues approved by the ~~Commissions~~ Council.

SECTION 2. This act shall become effective November 1, 2006.

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