

1 ENGROSSED SENATE
2 BILL NO. 1819

By: Coffee and Morgan of the
Senate

3 and

4 Bengé of the House

5
6
7 [public finance and Economic Development Generating
8 Excellence (EDGE) Fund - gross production taxes -
9 effective date -

10 emergency]

11
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY Section 2, Chapter 85, 2nd
14 Extraordinary Session, O.S.L. 2006, as amended by Section 2, Chapter
15 350, O.S.L. 2007 (62 O.S. Supp. 2007, Section 52), is amended to
16 read as follows:

17 Section 52. A. 1. There is hereby created the EDGE Fund
18 Policy Board. The EDGE Fund Policy Board shall be responsible for
19 the expenditure of funds certified as available by the Board of
20 Investors of the EDGE Fund, pursuant to subsection F of this
21 section, for projects and programs which will increase private and
22 public applied research and development, technology transfer and
23 technology commercialization in Oklahoma. Such projects and
24 programs include, but are not limited to providing:

- a. matching funds for applied research,
- b. funds for proof of concept,
- c. funds for purchasing equipment or applied research,
and
- d. seed capital including, but not limited to, capital
for the OCAST Seed Capital Revolving Fund.

2. In determining how funds from the EDGE Fund shall be expended, the EDGE Fund Policy Board shall consider only those projects and programs which satisfy one or more of the following criteria:

- a. direct expansion of the number of researchers, technicians, support services and associated business activity within Oklahoma,
- b. high potential to result in the formation and growth of advanced technology companies in Oklahoma,
- c. high potential to improve the health status and quality of life for Oklahomans, and
- d. leverage of additional federal research grants and/or privately funded and sponsored research in Oklahoma research institutions.

3. The initial cycle of expenditures made after the effective date of this act pursuant to this section shall be for projects and programs which may include, but are not limited to:

- a. agriculture,

- b. aerospace/aviation,
- c. biology/biotechnology,
- d. genomics,
- e. weather science and technology,
- f. telecommunications,
- g. advanced materials, and
- h. sensors.

The EDGE Fund Policy Board shall annually review areas of research and commercialization emphasis, with consideration given to the strategic strengths of Oklahoma's research infrastructure.

B. The EDGE Fund Policy Board shall be composed of ~~seven (7)~~ eight (8) members, as follows:

1. Four individuals who serve as senior officers of an Oklahoma business or financial company who have knowledge of the current Oklahoma economy and the potential to advance to a technology-based economy; two appointed by the Governor and one each appointed by the President Pro Tempore of the Senate and Speaker of the House of Representatives;

2. One scientist, engineer or officer of a technology-based Oklahoma company or public or private research institution appointed by the President Pro Tempore of the Senate;

3. One attorney licensed to practice law in Oklahoma, who has experience with start-up companies and business practices appointed by the Governor; ~~and~~

1 4. One venture capitalist with experience in the
2 commercialization of technology and investment in technology-based
3 companies appointed by the Speaker of the House of Representatives;
4 and

5 5. The Chancellor of Higher Education.

6 The members of the EDGE Fund Policy Board shall serve at the
7 pleasure of their appointing authorities. The Governor, President
8 Pro Tempore of the Senate and Speaker of the House of
9 Representatives may make appointments to the Board from a list of
10 names meeting one or more of the criteria provided in this
11 subsection. The Department of Commerce shall develop the list in
12 consultation with the largest statewide organization representing
13 commerce and industry and the two largest metropolitan organizations
14 representing commerce and industry. Each person recommended by each
15 of the two largest metropolitan organizations representing commerce
16 and industry shall be residents of the metropolitan area represented
17 by the organization that makes the recommendation for inclusion of
18 such person on the list. Each person recommended by the largest
19 statewide organization representing commerce and industry shall be a
20 resident of an area other than the metropolitan areas represented by
21 the two largest metropolitan organizations representing commerce and
22 industry. The list shall be maintained in a manner to provide that
23 at least one qualified person is eligible for appointment to each
24 and every position to which appointments may be made. The

1 organizations described by this subsection shall prepare a new list
2 from which appointments can be made within sixty (60) days after the
3 effective date of this section.

4 The appointing authorities shall select appointees from the list
5 submitted to serve on the EDGE Fund Policy Board.

6 C. The members of the EDGE Fund Policy Board shall receive no
7 salary for serving on the EDGE Fund Policy Board. All members shall
8 receive necessary travel expenses for the performance of their
9 duties from the Office of the Governor in accordance with the
10 provisions of the State Travel Reimbursement Act.

11 D. The Governor shall select a chair and a vice-chair, who
12 shall preside over meetings in the absence of the chair, and any
13 other officers, provided that no member shall serve as chair for
14 more than two (2) consecutive years. The EDGE Fund Policy Board
15 shall meet at least quarterly. A majority of the members of the
16 EDGE Fund Policy Board shall constitute a quorum to transact
17 business, but no vacancy shall impair the right of the remaining
18 members to exercise all of the powers of the EDGE Fund Policy Board.
19 Any vacancy in a position shall be filled by the appointing
20 authority in the manner prescribed by subsection B of this section.
21 The EDGE Fund Policy Board may employ an Executive Director, who
22 shall serve at the pleasure of the EDGE Fund Policy Board.

23 E. Except as provided by law, the EDGE Fund Policy Board shall
24 be subject to the Oklahoma Open Meeting Act, the Oklahoma Open

1 Records Act and the Administrative Procedures Act. Any information
2 submitted to or compiled by the EDGE Fund Policy Board with respect
3 to the marketing plans, financial statements, trade secrets,
4 research concepts, methods or products, or any other proprietary
5 information of persons, firms, associations, partnerships, agencies,
6 corporations, institutions of higher education, nonprofit research
7 institutions or other entities shall be confidential, except to the
8 extent that the person or entity providing such information or the
9 subject of such information consents to disclosure. Executive
10 sessions may be held to discuss such materials if deemed necessary
11 by the EDGE Fund Policy Board.

12 F. Expenditures from the EDGE Fund shall be subject to the
13 following requirements and limitations:

14 1. At least twenty-five percent (25%) of the monies available
15 for distribution in any fiscal year shall be allotted to support
16 technology transfer and technology commercialization; and

17 2. No more than twenty percent (20%) of the monies available
18 for distribution in any fiscal year shall be used for the purchase
19 of equipment pursuant to subsection A of this section.

20 G. The EDGE Fund Policy Board may elect to provide
21 supplementary funding for existing programs including, but not
22 limited to, the Oklahoma Health Research program, the Oklahoma
23 Applied Research Support program, or such other programs as it may
24

1 deem are necessary to advance the technology-based economy in
2 Oklahoma.

3 H. The EDGE Fund Policy Board is hereby authorized to enter
4 into cooperative agreements with the Oklahoma Center for the
5 Advancement of Science and Technology to provide assistance in
6 program development, due diligence, project selection and the
7 administration and management of research and technology development
8 programs.

9 I. The Oklahoma Center for the Advancement of Science and
10 Technology shall provide administrative, planning, and other
11 assistance to the Board of Investors of the EDGE Fund and the EDGE
12 Fund Policy Board, including the preparation of an annual report
13 from each to the Governor, President Pro Tempore of the Senate and
14 Speaker of the House on the status of the EDGE Fund and impact of
15 funded projects and programs. The Executive Director of the
16 Oklahoma Center for the Advancement of Science and Technology shall
17 employ one full-time-equivalent employee to provide staff assistance
18 for the purposes of implementing this subsection. Subject to the
19 availability of funding, the Executive Director, pursuant to a
20 request from and approval by the EDGE Fund Policy Board, may employ
21 additional full-time-equivalent employees. Individuals employed by
22 the Oklahoma Center for the Advancement of Science and Technology
23 pursuant to this subsection shall be paid from the expenditures
24 authorized by subsection A of this section. In no event shall more

1 than one percent (1%) of the total assets of the EDGE Fund be
2 expended annually for administrative expenses associated with the
3 EDGE Fund and the EDGE Fund Policy Board.

4 J. The EDGE Fund Policy Board shall attempt to leverage the
5 research dollars of the EDGE Fund through collaboration with the
6 following entities:

7 1. Oklahoma Center for the Advancement of Science and
8 Technology;

9 2. Oklahoma State Regents for Higher Education;

10 3. Oklahoma Experimental Program to Stimulate Competitive
11 Research (EPSCoR);

12 4. Oklahoma Department of Commerce;

13 5. Oklahoma Capital Investment Board;

14 6. Any private, not-for-profit corporation created pursuant to
15 Section 5060.26 of Title 74 of the Oklahoma Statutes; and

16 7. Any not-for-profit organization which is a contractor of the
17 Oklahoma Center for the Advancement of Science and Technology
18 pursuant to Sections 5060.20a and 5060.20b of Title 74 of the
19 Oklahoma Statutes.

20 K. The EDGE Fund Policy Board shall promulgate rules and
21 develop timelines governing the review of annual proposals. Such
22 rules shall give preference to cooperative proposals that include
23 researchers from multiple institutions, including higher education,
24 nonprofit research institutions, and private enterprise.

1 L. With assistance from the Oklahoma Center for the Advancement
2 of Science and Technology, the EDGE Fund Policy Board shall:

3 1. Promulgate rules and develop procedures and protocols for
4 establishing technical advisory panels, selection review criteria
5 and competition criteria; and

6 2. Develop procedures to account for funds and to measure the
7 progress of projects and deliverables.

8 M. The projects and funds of the EDGE Fund shall be subject to
9 audit by the State Auditor and Inspector.

10 SECTION 2. AMENDATORY 68 O.S. 2001, Section 1004, as
11 last amended by Section 55, Chapter 1, O.S.L. 2007 (68 O.S. Supp.
12 2007, Section 1004), is amended to read as follows:

13 Section 1004. Beginning July 1, 2002, the gross production tax
14 provided for in Section 1001 of this title is hereby levied and
15 shall be collected and apportioned as follows:

16 1. For all monies collected from the tax levied on asphalt or
17 ores bearing uranium, lead, zinc, jack, gold, silver or copper:

18 a. eighty-five and seventy-two one-hundredths percent
19 (85.72%) shall be paid to the State Treasurer of the
20 state to be placed in the General Revenue Fund of the
21 state and used for the general expense of state
22 government, to be paid out pursuant to direct
23 appropriation by the Legislature,

24

1 b. seven and fourteen one-hundredths percent (7.14%) of
2 the sum collected from natural gas and/or casinghead
3 gas or asphalt or ores bearing uranium, lead, zinc,
4 jack, gold, silver or copper shall be paid to the
5 various county treasurers to be credited to the County
6 Highway Fund as follows: Each county shall receive a
7 proportionate share of the funds available based upon
8 the proportion of the total value of production from
9 such county in the corresponding month of the
10 preceding year, and

11 c. seven and fourteen one-hundredths percent (7.14%)
12 shall be allocated to each county as provided for in
13 subparagraph b of this paragraph and shall be
14 apportioned, on an average daily attendance per capita
15 distribution basis, as certified by the State
16 Superintendent of Public Instruction to the school
17 districts of the county where such pupils attend
18 school regardless of residence of such pupil, provided
19 the school district makes an ad valorem tax levy of
20 fifteen (15) mills for the current year and maintains
21 twelve (12) years of instruction;

22 2. For all monies collected from the tax levied on natural gas
23 and/or casinghead gas at a tax rate of seven percent (7%) pursuant
24 to the provisions of subsection B of Section 1001 of this title:

1 a. eighty-five and seventy-two one-hundredths percent
2 (85.72%) shall be paid to the State Treasurer of the
3 state to be placed in the General Revenue Fund of the
4 state and used for the general expense of state
5 government, to be paid out pursuant to direct
6 appropriation by the Legislature,

7 b. seven and fourteen one-hundredths percent (7.14%) of
8 the sum collected from natural gas and/or casinghead
9 gas shall be paid to the various county treasurers to
10 be credited to the County Highway Fund as follows:
11 Each county shall receive a proportionate share of the
12 funds available based upon the proportion of the total
13 value of production from such county in the
14 corresponding month of the preceding year, and

15 c. seven and fourteen one-hundredths percent (7.14%)
16 shall be allocated to each county as provided for in
17 subparagraph b of this paragraph and shall be
18 apportioned, on an average daily attendance per capita
19 distribution basis, as certified by the State
20 Superintendent of Public Instruction to the school
21 districts of the county where such pupils attend
22 school regardless of residence of such pupil, provided
23 the school district makes an ad valorem tax levy of
24

1 fifteen (15) mills for the current year and maintains
2 twelve (12) years of instruction;

3 3. For all monies collected from the tax levied on natural gas
4 and/or casinghead gas at a tax rate of four percent (4%) pursuant to
5 the provisions of subsection B of Section 1001 of this title:

6 a. seventy-five percent (75%) shall be paid to the State
7 Treasurer of the state to be placed in the General
8 Revenue Fund of the state and used for the general
9 expense of state government, to be paid out pursuant
10 to direct appropriation by the Legislature,

11 b. twelve and one-half percent (12.5%) of the sum
12 collected from natural gas and/or casinghead gas shall
13 be paid to the various county treasurers to be
14 credited to the County Highway Fund as follows: Each
15 county shall receive a proportionate share of the
16 funds available based upon the proportion of the total
17 value of production from such county in the
18 corresponding month of the preceding year, and

19 c. twelve and one-half percent (12.5%) shall be allocated
20 to each county as provided for in subparagraph b of
21 this paragraph and shall be apportioned, on an average
22 daily attendance per capita distribution basis, as
23 certified by the State Superintendent of Public
24 Instruction to the school districts of the county

1 where such pupils attend school regardless of
2 residence of such pupil, provided the school district
3 makes an ad valorem tax levy of fifteen (15) mills for
4 the current year and maintains twelve (12) years of
5 instruction;

6 4. For all monies collected from the tax levied on natural gas
7 and/or casinghead gas at a tax rate of one percent (1%) pursuant to
8 the provisions of subsection B of Section 1001 of this title:

9 a. fifty percent (50%) of the sum collected from natural
10 gas and/or casinghead gas shall be paid to the various
11 county treasurers to be credited to the County Highway
12 Fund as follows: Each county shall receive a
13 proportionate share of the funds available based upon
14 the proportion of the total value of production from
15 such county in the corresponding month of the
16 preceding year, and

17 b. fifty percent (50%) shall be allocated to each county
18 as provided for in subparagraph a of this paragraph
19 and shall be apportioned, on an average daily
20 attendance per capita distribution basis, as certified
21 by the State Superintendent of Public Instruction to
22 the school districts of the county where such pupils
23 attend school regardless of residence of such pupil,
24 provided the school district makes an ad valorem tax

1 levy of fifteen (15) mills for the current year and
2 maintains twelve (12) years of instruction;

3 5. For all monies collected from the tax levied on oil at a tax
4 rate of seven percent (7%) pursuant to the provisions of subsection
5 B of Section 1001 of this title:

6 a. twenty-five and seventy-two one-hundredths percent
7 (25.72%) shall be paid to the State Treasurer to be
8 placed in the Common Education Technology Revolving
9 Fund created in Section 41.29c of Title 62 of the
10 Oklahoma Statutes,

11 b. twenty-five and seventy-two one-hundredths percent
12 (25.72%) shall be paid to the State Treasurer to be
13 placed in the Higher Education Capital Revolving Fund
14 created in Section 41.29d of Title 62 of the Oklahoma
15 Statutes,

16 c. twenty-five and seventy-two one-hundredths percent
17 (25.72%) shall be paid to the State Treasurer to be
18 placed in the Oklahoma Tuition Scholarship Revolving
19 Fund created in Section 41.29e of Title 62 of the
20 Oklahoma Statutes,

21 d. four and twenty-eight one-hundredths percent (4.28%)
22 shall be paid to the State Treasurer to be apportioned
23 to the County Bridge and Road Improvement Fund of the
24 State Treasury,

1 e. four and twenty-eight one-hundredths percent (4.28%)
2 shall be paid to the State Treasurer to be apportioned
3 to:

4 (1) the following sources and in the following
5 amounts for the fiscal year ending June 30, 2007,
6 through the fiscal year ending June 30, 2011:

7 (a) thirty-three and one-third percent (33 1/3%)
8 to the Oklahoma Tourism and Recreation
9 Department Capital Expenditure Revolving
10 Fund created pursuant to Section ~~2~~ 2254.1 of
11 ~~this act~~ Title 74 of the Oklahoma Statutes,

12 (b) thirty-three and one-third percent (33 1/3%)
13 to the Oklahoma Conservation Commission
14 Infrastructure Revolving Fund created
15 pursuant to Section ~~3~~ 3-2-110 of ~~this act~~
16 Title 27A of the Oklahoma Statutes, and

17 (c) thirty-three and one-third percent (33 1/3%)
18 to the Community Water Infrastructure
19 Development Revolving Fund created pursuant
20 to Section ~~4~~ 1085.7A of ~~this act~~ Title 82 of
21 the Oklahoma Statutes, and

22 (2) the Oklahoma Water Resources Board Rural Economic
23 Action Plan Water Projects Fund for the fiscal
24

1 year ending June 30, 2012, and for each fiscal
2 year thereafter,

3 f. seven and fourteen one-hundredths percent (7.14%) of
4 the sum collected from oil shall be paid to the
5 various county treasurers, to be credited to the
6 County Highway Fund as follows: Each county shall
7 receive a proportionate share of the funds available
8 based upon the proportion of the total value of
9 production from such county in the corresponding month
10 of the preceding year, and

11 g. seven and fourteen one-hundredths percent (7.14%)
12 shall be allocated to each county as provided in
13 subparagraph f of this paragraph and shall be
14 apportioned, on an average daily attendance per capita
15 distribution basis, as certified by the State
16 Superintendent of Public Instruction, to the school
17 districts of the county where such pupils attend
18 school regardless of residence of such pupil, provided
19 the school district makes an ad valorem tax levy of
20 fifteen (15) mills for the current year and maintains
21 twelve (12) years of instruction;

22 6. For all monies collected from the tax levied on oil at a tax
23 rate of four percent (4%) pursuant to the provisions of subsection B
24 of Section 1001 of this title:

- 1 a. twenty-two and one-half percent (22.5%) shall be paid
2 to the State Treasurer to be placed in the Common
3 Education Technology Revolving Fund created in Section
4 41.29c of Title 62 of the Oklahoma Statutes,
- 5 b. twenty-two and one-half percent (22.5%) shall be paid
6 to the State Treasurer to be placed in the Higher
7 Education Capital Revolving Fund created in Section
8 41.29d of Title 62 of the Oklahoma Statutes,
- 9 c. twenty-two and one-half percent (22.5%) shall be paid
10 to the State Treasurer to be placed in the Oklahoma
11 Tuition Scholarship Revolving Fund created in Section
12 41.29e of Title 62 of the Oklahoma Statutes,
- 13 d. three and seventy-five one-hundredths percent (3.75%)
14 shall be paid to the State Treasurer to be apportioned
15 to the County Bridge and Road Improvement Fund of the
16 State Treasury,
- 17 e. three and seventy-five one-hundredths percent (3.75%)
18 shall be paid to the State Treasurer to be apportioned
19 to:
- 20 (1) the following sources and in the following
21 amounts for the fiscal year ending June 30, 2007,
22 through the fiscal year ending June 30, 2011:
- 23 (a) thirty-three and one-third percent (33 1/3%)
24 to the Oklahoma Tourism and Recreation

1 Department Capital Expenditure Revolving
2 Fund created pursuant to Section ~~2~~ 2254.1 of
3 ~~this act~~ Title 74 of the Oklahoma Statutes,

4 (b) thirty-three and one-third percent (33 1/3%)

5 to the Oklahoma Conservation Commission

6 Infrastructure Revolving Fund created

7 pursuant to Section ~~3~~ 3-2-110 of ~~this act~~

8 Title 27A of the Oklahoma Statutes, and

9 (c) thirty-three and one-third percent (33 1/3%)

10 to the Community Water Infrastructure

11 Development Revolving Fund created pursuant

12 to Section ~~4~~ 1085.7A of ~~this act~~ Title 82 of

13 the Oklahoma Statutes, and

14 (2) the Oklahoma Water Resources Board Rural Economic

15 Action Plan Water Projects Fund for the fiscal

16 year ending June 30, 2012, and for each fiscal

17 year thereafter,

18 f. twelve and one-half percent (12.5%) of the sum

19 collected from oil shall be paid to the various county

20 treasurers, to be credited to the County Highway Fund

21 as follows: Each county shall receive a proportionate

22 share of the funds available based upon the proportion

23 of the total value of production from such county in

24 the corresponding month of the preceding year, and

1 g. twelve and one-half percent (12.5%) shall be allocated
2 to each county as provided in subparagraph f of this
3 paragraph and shall be apportioned on an average daily
4 attendance per capita distribution basis, as certified
5 by the State Superintendent of Public Instruction, to
6 the school districts of the county where such pupils
7 attend school regardless of residence of such pupil,
8 provided the school district makes an ad valorem tax
9 levy of fifteen (15) mills for the current year and
10 maintains twelve (12) years of instruction; and

11 7. For all monies collected from the tax levied on oil at a tax
12 rate of one percent (1%) pursuant to the provisions of subsection B
13 of Section 1001 of this title:

14 a. fifty percent (50%) of the sum collected shall be paid
15 to the various county treasurers, to be credited to
16 the County Highway Fund as follows: Each county shall
17 receive a proportionate share of the funds available
18 based upon the proportion of the total value of
19 production from such county in the corresponding month
20 of the preceding year, and

21 b. fifty percent (50%) shall be allocated to each county
22 as provided for in subparagraph a of this paragraph
23 and shall be apportioned on an average daily
24 attendance per capita distribution basis, as certified

1 by the State Superintendent of Public Instruction, to
2 the school districts of the county where such pupils
3 attend school regardless of residence of such pupil,
4 provided the school district makes an ad valorem tax
5 levy of fifteen (15) mills for the current year and
6 maintains twelve (12) years of instruction.

7 Provided, notwithstanding any other provision of this section,
8 the total amounts deposited to the Common Education Technology
9 Revolving Fund, the Higher Education Capital Revolving Fund, the
10 Oklahoma Tuition Scholarship Revolving Fund, the Rural Economic
11 Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation
12 Department Capital Expenditure Revolving Fund, the Oklahoma
13 Conservation Commission Infrastructure Revolving Fund and the
14 Community Water Infrastructure Development Revolving Fund pursuant
15 to paragraphs 5 and 6 of this section shall not exceed One Hundred
16 Fifty Million Dollars (\$150,000,000.00) in any fiscal year. ~~All~~
17 ~~sums~~ The first Dollars (\$.00) in excess
18 of One Hundred Fifty Million Dollars (\$150,000,000.00) in any fiscal
19 year which would otherwise be deposited in such funds shall be
20 placed by the State Treasurer in the Economic Development Generating
21 Excellence (EDGE) Fund. Any remaining funds in any fiscal year
22 shall be deposited in the General Revenue Fund of the state.

23 SECTION 3. This act shall become effective July 1, 2008.
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