

THE HOUSE OF REPRESENTATIVES
Tuesday, April 15, 2008

Committee Substitute for
ENGROSSED
Senate Bill No. 1865

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1865 - By:
COFFEE, MAZZEI AND BROGDON of the Senate and BENGE of the House.

(State government - Accountability and Innovation Act - Joint Committee on
Accountability and Innovation – codification - effective date -
emergency)

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 450.3 of Title 74, unless there is created a duplication in numbering,
3 reads as follows:

4 This act shall be known and may be cited as the “Accountability and Innovation
5 Act”.

6 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 450.4 of Title 74, unless there is created a duplication in numbering,
8 reads as follows:

9 As used in the Accountability and Innovation Act:

10 1. “Committee” means the Joint Committee on Accountability and Innovation
11 created in Section 4 of this act;

1 2. "Office" means the Office of Accountability and Innovation created in Section 6 of
2 this act;

3 3. "Performance audit" means an audit to provide the determinations set forth in
4 subsection B of Section 7 of this act;

5 4. "Person" means an individual, proprietorship, partnership, limited liability
6 company, limited partnership, association, trust, estate, business trust, group,
7 corporation, or other legal entity, whether or not operated for profit, or a governmental
8 agency, unit, or subdivision;

9 5. "State agency" means any state office, officer, department, board, commission,
10 institution, bureau, agency, or authority or any division or unit thereof; and

11 6. "Tax incentive review" means a review of any tax preference or other provision of
12 tax law to determine the impact on state revenues of the granting of such preference and
13 any economic benefit to the state resulting therefrom, as set forth in subsection B of
14 Section 8 of this act.

15 SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 450.5 of Title 74, unless there is created a duplication in numbering,
17 reads as follows:

18 The purpose of the Accountability and Innovation Act is to require the conducting of
19 performance audits and the review of tax incentives to ensure that taxpayer funds are
20 being used efficiently and effectively and that state agencies are using the best practices
21 available.

1 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 450.6 of Title 74, unless there is created a duplication in numbering,
3 reads as follows:

4 A. There is hereby created the Joint Committee on Accountability and Innovation,
5 which shall consist of five members of the Senate and five members of the House of
6 Representatives. The five members of the Senate shall be appointed by the President
7 Pro Tempore. The five members of the House of Representatives shall be appointed by
8 the Speaker. Of the members appointed by each appointing authority, not more than
9 three shall be members of the same political party, and not more than three shall
10 represent legislative districts which are part of the same county.

11 B. A quorum of the Committee shall be six. Except as otherwise specifically
12 provided by law, all actions of the Committee may be taken by a majority of those
13 present when there is a quorum.

14 C. At the commencement of each regular session of the Legislature, the Committee
15 shall organize by electing a Chair and a Vice-chair who are not members of the same
16 house of the Legislature. The Vice-chair shall exercise all of the powers of the Chair in
17 the absence of the Chair.

18 D. The Committee may meet at any time, at any place in the state at the call of the
19 Chair.

20 E. Members of the Committee shall receive reimbursement for actual and
21 necessary expenses incurred in connection with their duties as members in accordance

1 with other provisions of law relating to travel reimbursement for members of the
2 Legislature.

3 SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 450.7 of Title 74, unless there is created a duplication in numbering,
5 reads as follows:

6 A. The Joint Committee on Accountability and Innovation shall have the following
7 powers and duties, in addition to other powers provided by law to standing committees of
8 the Legislature:

9 1. Not later than March 1 of each year, to determine and publish a list of state
10 agencies or state programs for which a performance audit will be conducted, subject to
11 available funding. Such list may include specific divisions of state agencies if directed by
12 the Committee. The Legislature, by concurrent resolution or by statute, may add or
13 delete state agencies or divisions thereof, or state programs, to or from the list. The
14 Governor or any member of the Legislature may request a performance audit to be
15 conducted of any agency, division or state program by making a written request to the
16 Committee detailing the reasons for requesting such audit, which shall be granted upon
17 a majority vote of a quorum of the Committee, subject to available funding;

18 2. Not later than January 1 of each year, to determine and publish a list of tax
19 preferences or other provisions of tax law for which a tax incentive review will be
20 conducted, subject to available funding. The Legislature, by concurrent resolution or by
21 statute, may add or delete tax preferences or other provisions of tax law to or from the
22 list. The Governor or any member of the Legislature may request a tax incentive review

1 to be conducted of any provision of state tax law by making a written request to the
2 Committee detailing the reasons for requesting such review, which shall be granted upon
3 a majority vote of a quorum of the Committee;

4 3. To enter into contracts with independent auditors as may be necessary to
5 accomplish the intent of the Accountability and Innovation Act;

6 4. To coordinate with the State Auditor and Inspector or any other entity of state
7 government as the Committee deems necessary;

8 5. To propose legislation, conduct interim studies or make other proposals for
9 consideration by the Legislature, based upon its findings, for the purposes of fostering
10 innovation in state government and making state government processes more accessible,
11 transparent and accountable to the taxpayers; and

12 6. To collect any information from state agencies or other persons or entities, which
13 relates or may relate to a performance audit or tax incentive review, or to delegate such
14 authority to the Director of the Office of Accountability and Innovation.

15 B. Each state agency and other affected persons shall cooperate with the
16 Committee in the providing of any information requested. The Committee shall have the
17 power to issue subpoenas and to compel the attendance of witnesses and the production
18 of information as provided in Section 773 of Title 74 of the Oklahoma Statutes, upon a
19 majority vote of a quorum of the members of the Committee.

20 SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 450.8 of Title 74, unless there is created a duplication in numbering,
22 reads as follows:

1 There is hereby created the Office of Accountability and Innovation as part of the
2 Legislative Service Bureau. The Office of Accountability and Innovation shall conduct, or
3 shall cause to be conducted, performance audits and tax incentive reviews as directed by
4 the Joint Committee on Accountability and Innovation.

5 SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 450.9 of Title 74, unless there is created a duplication in numbering,
7 reads as follows:

8 A. A performance audit shall be conducted each year of those state agencies
9 specified by law or concurrent resolution of the Legislature or designated by the Joint
10 Committee on Accountability and Innovation, subject to available funding. If funding is
11 insufficient to conduct every such performance audit, those specified by law shall receive
12 first priority and the Joint Committee shall specify the priority of those specified by
13 concurrent resolution of the Legislature or designated by the Joint Committee. These
14 audits shall be conducted in accordance with generally accepted governmental auditing
15 standards. The resulting written audit reports shall be issued as soon after the
16 completion of the audit as is practicable.

17 B. A performance audit shall determine:

18 1. Whether the audited agency, division or program is carrying out only those
19 activities or programs authorized by state law, or is engaging in activities, or programs
20 which go beyond its authorization, as set forth in state law;

21 2. Whether the agency, division or program is efficiently and effectively
22 administered, including, but not limited to:

- 1 a. whether it is operated under the best practices of this state or other
2 comparable entities,
3 b. whether its functions are duplicative of, or could be better provided by,
4 other agencies of state government, and
5 c. whether it is operated in a manner which is accessible and easily used
6 by those to whom public services are provided;

7 3. Whether a new agency, division or program is efficiently and effectively
8 implemented according to the intent of the Legislature as expressed in state law; and

9 4. Whether any change or reorganization of the agency, division or program would
10 be preferable to its current structure.

11 C. Copies of the reports of audits conducted shall be furnished to the Governor, the
12 President Pro Tempore of the Senate, the Speaker of the House of Representatives, each
13 member of the Joint Committee on Accountability and Innovation, the audited state
14 agency and each member of the governing board of the state agency, if applicable, and
15 other interested persons or agencies as may be specified by the Committee or required by
16 law or by the specifications of the audit. The copies may be furnished electronically.

17 SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 450.10 of Title 74, unless there is created a duplication in numbering,
19 reads as follows:

20 A. A tax incentive review shall be conducted each year of those tax preferences or
21 other provisions of tax law specified by law or concurrent resolution of the Legislature or
22 designated by the Joint Committee on Accountability and Innovation, subject to available

1 funding. If funding is insufficient to conduct every such tax incentive review, those
2 specified by law shall receive first priority and the Joint Committee shall specify the
3 priority of those specified by concurrent resolution of the Legislature or designated by the
4 Joint Committee. The Oklahoma Tax Commission shall provide such assistance to the
5 Committee in the conduct of such reviews as may be necessary.

6 B. A tax incentive review shall include, but not be limited to:

7 1. A determination of the impact on state revenues due to the granting of the tax
8 preference or provision;

9 2. A determination of the economic benefit to the state due to the granting of the
10 tax preference or provision, whether measured in increased state revenues, job creation,
11 wage or personal income growth, investment in this state, or other economic criteria;

12 3. An estimate of the effect on the distribution of the tax burden upon citizens or
13 legal entities of this state;

14 4. An analysis of the competitive position of this state relative to other states with
15 similar tax preferences or provisions; and

16 5. An overall determination of the effectiveness of the tax preference or provision in
17 achieving the desired objective as set forth in state law.

18 C. Copies of the reports of tax incentive reviews conducted shall be furnished to the
19 Governor, the President Pro Tempore of the Senate, the Speaker of the House of
20 Representatives, each member of the Joint Committee on Accountability and Innovation,
21 the Tax Commission, and other interested persons or agencies as may be specified by the

1 Committee or required by law or by the specifications of the review. The copies may be
2 furnished electronically.

3 D. Notwithstanding the provisions of Section 205 of Title 68 of the Oklahoma
4 Statutes, any person receiving tax information under the provisions of this section shall
5 be subject to the same duty of confidentiality imposed by law upon the Tax Commission
6 and shall be subject to any civil or criminal penalties imposed by law for violations of
7 such duty of confidentiality.

8 SECTION 9. AMENDATORY 74 O.S. 2001, Section 450.1, is amended to read
9 as follows:

10 Section 450.1 A. ~~The Legislative Fiscal Office and Joint Bill Processing~~
11 ~~Department are hereby abolished.~~

12 ~~B.~~ There is hereby created the Legislative Service Bureau which shall serve both
13 the House of Representatives and the Senate. The Speaker of the House of
14 Representatives and the President Pro Tempore of the Senate shall employ a Director of
15 the Legislative Service Bureau, who shall employ such personnel as necessary to
16 implement the responsibilities imposed upon the Bureau by the Legislature by
17 concurrent resolution.

18 ~~C.~~ B. 1. The Legislative Service Bureau shall be responsible for such services as
19 directed by the Speaker of the House of Representatives and the President Pro Tempore
20 of the Senate; and any area of production of proposed legislation as directed by the
21 Speaker of the House of Representatives and President Pro Tempore of the Senate.

1 2. The Legislative Service Bureau shall be a clearinghouse for the Legislature for
2 all budgetary forms, research reports and information.

3 3. Any reference in the Oklahoma Statutes to the Legislative Fiscal Office or the
4 Joint Bill Processing Department shall be a reference to the Legislative Service Bureau.

5 4. The Legislative Service Bureau shall provide office space and equipment
6 required by the Office of Accountability and Innovation.

7 SECTION 10. This act shall become effective July 1, 2008.

8 SECTION 11. It being immediately necessary for the preservation of the public
9 peace, health and safety, an emergency is hereby declared to exist, by reason whereof
10 this act shall take effect and be in full force from and after its passage and approval.

11 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT AND
12 TRANSPORTATION, dated 04-14-08 - DO PASS, As Amended.