

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 SENATE BILL 2053

By: Crain

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6 AS INTRODUCED

7 An act relating to public finance; creating the
8 Twenty-first Century Health, Education and Research
9 for Oklahoma (HERO) Bonds Act; providing short title;
10 stating purpose; creating trust fund; creating debt
11 service fund; creating Board of Investors of the
12 Twenty-first Century Health, Education and Research
13 for Oklahoma (HERO) Bonds Trust Fund; stating
14 membership; providing procedures; providing for
15 staffing; providing standards and duties; providing
16 for retention of certain investment managers; stating
17 requirements and procedures for investments;
18 requiring selection of professional custodians and
19 asset managers; providing for staff support by State
20 Treasurer; creating the Board of Directors of the
21 Twenty-first Century Health, Education and Research
22 for Oklahoma (HERO) Bonds Trust Fund; stating
23 purpose; stating membership; providing for
24 appointments by certain date; providing for officers
and meetings; stating administrative duties of Board;
requiring annual report; authorizing assistance for
Board; requiring Board to certify certain interest
earnings annually; stating requirements for Board
consideration; requiring Board to develop strategic
plan by certain date; stating objectives; requiring
Board to adopt operating and program budget; stating
budgeting procedures; providing accounting procedures
for certain interest monies; creating revolving fund;
authorizing monies for certain research; authorizing
the Oklahoma Capitol Improvement Authority to issue
certain bonds; stating procedures for obligations;
amending 68 O.S. 2001, Section 1004, as last amended
by Section 55, Chapter 1, O.S.L. 2007 (68 O.S. Supp.
2007, Section 1004), which relates to gross
production taxes; directing certain monies to the
HERO Bonds Debt Service Fund; updating statutory

1 references; providing for codification; and providing
2 a contingent effective date.

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

5 SECTION 1. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 2400 of Title 62, unless there
7 is created a duplication in numbering, reads as follows:

8 This act shall be known and may be cited as the "Twenty-first
9 Century Health Education and Research for Oklahoma (HERO) Bonds
10 Act".

11 SECTION 2. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 2401 of Title 62, unless there
13 is created a duplication in numbering, reads as follows:

14 The purpose of the Twenty-first Century Health Education and
15 Research for Oklahoma (HERO) Bonds Act is to implement the
16 provisions of Section 50 of Article X of the Oklahoma Constitution,
17 which:

- 18 1. Authorizes the issuance of Seven Hundred Fifty Million
19 Dollars (\$750,000,000.00) in obligations;
- 20 2. Provides for the establishment of a Twenty-first Century
21 Health Education and Research for Oklahoma (HERO) Bonds Trust Fund;
- 22 3. Creates a Board of Investors for the trust fund;
- 23 4. Creates a Board of Directors to expend interest income from
24 the trust fund to provide funding for residency and other training

1 for allopathic and osteopathic physicians and nurses in Oklahoma;
2 and

3 5. Provides for the annual apportionment of the first Seventy-
4 three Million Dollars (\$73,000,000.00) derived from the gross
5 production tax at a tax rate of seven percent (7%) into a HERO Bonds
6 Debt Service Fund, and for other funding as required to retire the
7 obligations issued under this act.

8 SECTION 3. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 2402 of Title 62, unless there
10 is created a duplication in numbering, reads as follows:

11 There is hereby created in the State Treasury a trust fund to be
12 known as the "Twenty-first Century Health Education and Research for
13 Oklahoma (HERO) Bonds Trust Fund". The trust fund principal shall
14 consist of monies deposited into the trust fund pursuant to the
15 provisions of Section 13 of this act and any monies or assets
16 contributed to the trust fund from any other source, public or
17 private. The trust fund principal shall not be diminished for any
18 reason except to retire obligations issued pursuant to Section 13 of
19 this act, and only in the event that funds in the HERO Bonds Debt
20 Service Fund created in Section 4 of this act and any other funds
21 that may be provided by law fail to provide sufficient amounts to
22 fulfill bond obligations.

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1 SECTION 4. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2403 of Title 62, unless there
3 is created a duplication in numbering, reads as follows:

4 There is hereby created in the State Treasury a fund for the
5 Oklahoma Capital Improvement Authority to be known as the "HERO
6 Bonds Debt Service Fund". The fund shall be a continuing fund, not
7 subject to fiscal year limitations, and shall consist of all monies
8 apportioned to the fund pursuant to Section 14 of this act or
9 otherwise provided by law. All monies accruing to the credit of the
10 fund are hereby appropriated and may be budgeted and expended by the
11 Authority for the purpose of servicing debt obligations incurred
12 pursuant to the obligations authorized in Section 13 of this act.
13 Expenditures from the fund shall be made upon warrants issued by the
14 State Treasurer against claims filed as prescribed by law with the
15 Director of State Finance for approval and payment.

16 SECTION 5. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 2404 of Title 62, unless there
18 is created a duplication in numbering, reads as follows:

19 A. There is hereby created the Board of Investors of the
20 Twenty-first Century Health Education and Research for Oklahoma
21 (HERO) Bonds Trust Fund (Board of Investors). The Board of
22 Investors shall consist of five (5) members, as follows:

- 23 1. The State Treasurer, who shall be the chair;
- 24 2. An appointee of the Governor;

- 1 3. An appointee of the President Pro Tempore of the Senate;
- 2 4. An appointee of the Speaker of the House of Representatives;
- 3 and
- 4 5. An appointee of the State Auditor and Inspector.

5 All appointed members shall have demonstrated expertise in
6 public or private investment funds management.

7 B. The members of the Board of Investors shall receive no
8 salary for serving on the Board. All members shall receive
9 necessary travel expenses for the performance of their duties in
10 accordance with the provisions of the State Travel Reimbursement
11 Act.

12 C. The Board of Investors shall annually elect a vice chair,
13 who shall preside over meetings in the absence of the State
14 Treasurer, and any other officers; provided that no member shall be
15 elected vice chair for more than two (2) consecutive years. The
16 Board of Investors shall meet at least quarterly.

17 D. Staffing for the Board of Investors shall be provided by the
18 Office of the State Treasurer.

19 E. Members of the Board of Investors shall discharge their
20 duties as trustees of the Twenty-first Century Health Education and
21 Research for Oklahoma (HERO) Bonds Trust Fund:

22 1. With the care, skill, prudence, and diligence, under the
23 circumstances then prevailing, that a prudent person acting in a
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1 like capacity and familiar with such matters would use in the
2 conduct of an enterprise of a like character and with like aims;

3 2. By diversifying the investments in the trust fund so as to
4 minimize the risk of large losses, unless, under the circumstances,
5 it is clearly prudent not to do so; and

6 3. In accordance with the laws, documents, and instruments
7 governing the trust fund.

8 F. The Board of Investors shall retain qualified investment
9 managers to provide for the investment of the monies of the trust
10 fund. The investment managers shall be chosen by a solicitation of
11 proposals on a competitive basis pursuant to standards set by the
12 Board of Investors. The investment managers shall manage those
13 monies of the trust fund allocated to the investment managers in
14 compliance with the overall investment guidelines set by the Board
15 of Investors. The monies of the trust fund allocated to the
16 investment managers shall be managed by the investment managers in
17 accordance with the investment guidelines and other directions of
18 the Board of Investors. The investment managers may sell
19 investments and realize losses if such action is considered
20 advantageous to longer-term return maximization. Because of the
21 total return objective, no distinction shall be made for management
22 and performance evaluation purposes between realized and unrealized
23 capital gains and losses. The Board of Investors may have the State

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1 Treasurer manage those monies not specifically allocated to the
2 investment managers.

3 G. The trust fund may be invested in the manner in which a
4 prudent person would invest it and consistent with the manner that
5 state retirement funds are invested.

6 H. The Board of Investors shall select a custodial bank to
7 settle transactions involving the investment of funds in the trust
8 fund and to hold custody of the securities in the trust fund
9 portfolio. The custodian shall be a bank or trust company offering
10 pension fund master trustee and master custodial services. The
11 custodian shall be chosen by a solicitation of proposals on a
12 competitive basis pursuant to standards set by the Board of
13 Investors. The Board of Investors may also select professional
14 investment consultants, auditors, and actuaries to assist the Board
15 of Investors in carrying out its fiduciary responsibilities. All
16 these professionals shall be selected by a solicitation of proposals
17 on a competitive basis pursuant to standards set by the Board of
18 Investors.

19 I. The Board of Investors shall choose the professional
20 custodians and managers of the assets of the trust fund, shall
21 establish investment and fund management guidelines, and shall adopt
22 an investment policy. The selection of investment managers,
23 investment consultants, auditors, and actuaries, and a custodian

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1 bank shall be exempt from the provisions of the Oklahoma Central
2 Purchasing Act.

3 J. The Board of Investors shall set aside the interest earnings
4 of the trust fund in accounts for distribution and use by the Board
5 of Directors of the Twenty-first Century Health Education and
6 Research for Oklahoma (HERO) Bonds Trust Fund pursuant to Sections
7 11 and 12 of this act.

8 K. The State Treasurer shall provide any necessary staff
9 support to the Board of Investors. The cost of a full-time-
10 equivalent employee for the Office of the State Treasurer may be
11 considered as an administrative expense of the trust fund; however,
12 the amount provided to the State Treasurer for this purpose shall be
13 determined by the Board of Directors.

14 SECTION 6. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2405 of Title 62, unless there
16 is created a duplication in numbering, reads as follows:

17 A. There is hereby created the Board of Directors of the
18 Twenty-first Century Health Education and Research for Oklahoma
19 (HERO) Bonds Trust Fund, (Board of Directors) which shall administer
20 the distribution of the interest earnings of the Twenty-first
21 Century Health Education and Research for Oklahoma (HERO) Bonds
22 Trust Fund. The Board of Directors shall consist of eleven (11)
23 members who shall be appointed as follows:

24 1. One shall be the dean of the OU Medical School or designee;

1 2. One shall be the dean of the OSU College of Osteopathic
2 Medicine or designee;

3 3. Nine shall be appointed by the Governor with the advice and
4 consent of the Senate, with the following qualifications:

5 a. two shall be practicing allopathic physicians,

6 b. two shall be practicing osteopathic physicians,

7 c. two shall be practicing nurses,

8 d. one shall be a representative of an accredited nursing
9 school, and

10 e. two shall be lay members.

11 B. All appointees shall be residents of the State of Oklahoma.

12 All appointees shall serve in staggered four-year terms except the
13 initial appointees. The Governor shall appoint two members for
14 initial terms of four (4) years, three members for initial terms of
15 three (3) years, two members for initial terms of two (2) years, and
16 two members for initial terms of one (1) year. Thereafter, all
17 members shall serve for four years. Members of the Board of
18 Directors shall be appointed within thirty (30) days following the
19 effective date of this act.

20 SECTION 7. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 2406 of Title 62, unless there
22 is created a duplication in numbering, reads as follows:

23 A. The Board of Directors shall organize within thirty (30)
24 days after all members are appointed and annually thereafter, by

1 electing from among its members a chair and a vice chair. The Board
2 of Directors shall hold regularly scheduled meetings at least once
3 each quarter at a time and place determined by the Board and may
4 hold such special meetings, emergency meetings, or continued or
5 reconvened meetings as found by the Board of Directors to be
6 necessary. A majority of the members of the Board of Directors
7 shall constitute a quorum for the transaction of business.

8 B. The Board of Directors shall be responsible for establishing
9 procedures for its operations. The procedures and operations shall
10 be established as rules promulgated by the Board of Directors
11 pursuant to the requirements of the Administrative Procedures Act.

12 C. The Board of Directors shall administer the interest
13 earnings of the Twenty-first Century Health Education and Research
14 for Oklahoma (HERO) Bonds Trust Fund according to the categories
15 established in Section 11 of this act, to provide funding for
16 residency and training of allopathic and osteopathic physicians and
17 nurses at Oklahoma institutions of higher education, and, pursuant
18 to the provisions of Section 12 of this act, to fund medical and
19 biotechnical or similar research at institutions of higher
20 education. The Board of Directors shall have authority to
21 distribute funding for such activities and programs. The Board of
22 Directors may commission and hire technical advisors, including
23 legal counsel, and may employ staff as it deems necessary.

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1 D. The Board of Directors shall prepare an annual, written
2 report to summarize its annual progress, including summaries of its
3 programs and their progress and outcomes. The report shall be made
4 available to the public and shall be distributed to the Governor,
5 the President Pro Tempore of the Senate, and the Speaker of the
6 House of Representatives.

7 E. The provisions of the Oklahoma Central Purchasing Act shall
8 not apply to any project, activity or contract of the Board of
9 Directors.

10 F. The Board of Directors is authorized to accept donations,
11 grants or endowments from any person, corporation or entity to
12 implement the provisions of this act.

13 G. The Board of Directors may receive assistance from any other
14 state agency or public entity to implement the provisions of the
15 act, including, but not limited to, administrative assistance,
16 staffing or legal counsel and provision of office space or equipment
17 as necessary. Assistance agreements may be made by memorandums of
18 understanding or as otherwise provided by law.

19 SECTION 8. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 2407 of Title 62, unless there
21 is created a duplication in numbering, reads as follows:

22 A. On or before September 1 of each year, the Board of
23 Investors shall determine the earnings of the Twenty-first Century
24 Health Education and Research for Oklahoma (HERO) Bonds Trust Fund

1 for the previous fiscal year ending June 30. In determining
2 earnings, the Board of Investors shall certify an amount which is
3 prudent under the standard set forth in subsection C of this
4 section.

5 B. "Earnings" consists of interest, less fees to manage the
6 fund.

7 C. In the administration of the powers to determine earnings,
8 to make and retain investments, and to delegate investment
9 management of institutional funds, the Board of Investors shall
10 exercise ordinary business care and prudence under the facts and
11 circumstances prevailing at the time of the action or decision. In
12 so doing, the Board of Investors shall consider:

13 1. Long- and short-term needs of the trust fund in carrying out
14 its purposes;

15 2. The present and anticipated financial requirements of the
16 Board of Directors, to fulfill its duties related to funding
17 residency slots and other education and training and other purposes;

18 3. Expected total return on its investments;

19 4. Price level and inflation trends; and

20 5. General economic conditions.

21 SECTION 9. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2408 of Title 62, unless there
23 is created a duplication in numbering, reads as follows:

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1 The Board of Directors shall develop a five-year strategic plan
2 for implementation of its duties by January 1, 2010, and annually
3 update the plan to guide its funding decisions. The strategic plan
4 shall include among its objectives the following:

5 1. Maximization of the number of allopathic and osteopathic
6 physicians and nurses trained in Oklahoma;

7 2. Maximization of support for physicians and nurses training
8 in both primary care and specialty fields; and

9 3. Responsiveness in funding decisions to underrepresented
10 specialties and areas in conjunction with the needs of Oklahoma
11 citizens.

12 SECTION 10. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 2409 of Title 62, unless there
14 is created a duplication in numbering, reads as follows:

15 A. The Board of Directors shall adopt a budget for each fiscal
16 year after it has been notified by the Board of Investors of the
17 amount of earnings available for distribution. The budget shall be
18 broken out into an operating budget and a program budget. The
19 budget shall be presented to the Board of Investors and filed with
20 the Office of State Finance.

21 1. The operating budget shall consist of the administrative
22 expenses of the Board of Directors and the administrative expenses
23 of the State Treasurer, if any, approved by the Board of Directors.

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1 2. The program budget shall consist of the funds distributed by
2 the Board of Directors pursuant to Sections 11 and 12 of this act.

3 3. The Board of Directors shall develop policies and procedures
4 to define, clarify, and implement the allocation of identified
5 expenses to the programs and operating budget.

6 4. All operating expenses and program expenses shall be paid
7 out against the amount of earnings from the trust fund.

8 B. The Board of Investors shall ensure that sufficient cash is
9 transferred at appropriate times to honor these claims, but shall
10 keep as much as possible of the trust fund invested at all times.

11 The operating budget of the Board of Directors shall be allotted in
12 twelve substantially equal amounts throughout the fiscal year.

13 Amounts to be distributed to carry out the purposes of this act
14 shall be made available as needed and determined by the Board of
15 Directors.

16 C. The Board of Directors shall direct the Board of Investors
17 to set aside sufficient cash reserves out of earnings from the trust
18 fund to ensure that the expenses of the Board of Directors and Board
19 of Investors and the State Treasurer may be funded in the event that
20 there is insufficient earnings achieved in a future year to cover
21 those expenses. Earnings from a fiscal year may be carried over or
22 used as reserves for expenditure in future fiscal years.

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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2410 of Title 62, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Upon the certification performed pursuant to Section 8 of
5 this act, the State Treasurer shall annually apportion the interest
6 earnings into accounts within the trust fund as follows:

7 1. Fifteen percent (15%) of the interest to an account to be
8 distributed by the Board of Directors for the education and training
9 of nurses by a college-based nursing education program accredited by
10 the Oklahoma Board of Nursing;

11 2. Twenty-five percent (25%) of the interest to an account to
12 be distributed by the Board of Directors for the education and
13 training of physicians by the University of Oklahoma College of
14 Medicine;

15 3. Twenty-five percent (25%) of the interest to an account to
16 be distributed by the Board of Directors for the education and
17 training of physicians by the Oklahoma State University College of
18 Osteopathic Medicine;

19 4. Thirty-four percent (34%) into an account to be distributed
20 by the Board of Directors in addition to the amounts distributed in
21 paragraphs 1, 2, and 3 of this subsection, to one or more of the
22 above entities; and

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1 5. One percent (1%) into the HERO Bonds Board Revolving Fund
2 created in subsection B of this section, for administrative expenses
3 of the Board of Directors.

4 B. There is hereby created in the State Treasury the HERO Bonds
5 Board Revolving Fund. The fund shall be a continuing fund, not
6 subject to fiscal year limitations, and shall consist of all monies
7 received pursuant to this act. All monies accruing to the credit of
8 the HERO Bonds Board Revolving Fund are hereby appropriated and may
9 be budgeted and expended by the Board of Directors for the payment
10 of administrative expenses to fulfill the purposes and duties of the
11 Board of Directors. Expenditures from the fund shall be made upon
12 warrants issued by the State Treasurer against claims filed as
13 prescribed by law with the Director of State Finance for approval
14 and payment.

15 SECTION 12. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 2411 of Title 62, unless there
17 is created a duplication in numbering, reads as follows:

18 Notwithstanding the provisions of this act that provide for
19 distribution of funds by the Board of Directors for residency and
20 training of physicians and nurses, in the event that the Board of
21 Directors determines that the interests of the state would be best
22 served by distributing a portion of the interest earnings for
23 medical, biotechnical or similar research purposes, the Board of
24 Directors shall formally adopt such a finding and a detailed

1 research funding plan. Within ten (10) days after such adoption,
2 the Board of Directors shall file the finding and plan with the
3 Speaker of the House of Representatives and the President Pro
4 Tempore of the Senate. No funds may be distributed or expended for
5 research without the approval of a finding and plan by the
6 Legislature. Approval by the Legislature of a transmitted finding
7 and plan shall occur pursuant to the procedures provided for
8 Legislative review and approval of agency rules in subsection E of
9 Section 308 of Title 75 of the Oklahoma Statutes.

10 SECTION 13. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 2412 of Title 62, unless there
12 is created a duplication in numbering, reads as follows:

13 A. Effective July 1, 2009, the Oklahoma Capitol Improvement
14 Authority is authorized to issue negotiable obligations in a total
15 amount sufficient to generate Seven Hundred Fifty Million Dollars
16 (\$750,000,000.00) in one or more series for the purpose of obtaining
17 funds for the training and education of medical professionals by
18 Oklahoma institutions and for research in areas of medical,
19 biotechnical or similar development.

20 B. The proceeds of the sale of the obligations shall be placed
21 in the Twenty-first Century Health Education and Research for
22 Oklahoma (HERO) Bonds Trust Fund.

23 C. It is the intent of the Legislature that payments for the
24 purpose of retiring the obligations created pursuant to this section

1 be made by the Oklahoma Capitol Improvement Authority from the HERO
2 Bonds Debt Service Fund created in Section 4 of this act. If at any
3 time it appears probable that revenues available will be
4 insufficient to meet the amount required for this purpose, and if
5 other funds are not provided by law, the Authority may direct the
6 State Treasurer to transfer principal funds from the trust fund as
7 required to meet debt payment requirements.

8 D. The Authority may issue obligations in one or more series
9 and in conjunction with other issues of the Authority.

10 E. The obligations authorized under this section may be sold at
11 either competitive or negotiated sale, as determined by the
12 Authority, and in such form and at such prices as may be authorized
13 by the Authority. The Authority may enter into agreements with such
14 credit enhancers and liquidity providers as may be determined
15 necessary to efficiently market the obligations. The obligations
16 may mature and have such provisions for redemption as shall be
17 determined by the Authority, but in no event shall the final
18 maturity of such obligations occur later than fifteen (15) years
19 from the first principal maturity date of any given series. The
20 first principal maturity date of any series of obligations issued
21 under this section must occur no later than twenty-four (24) months
22 from the date of issuance.

23 F. The obligations issued under this section, the transfer
24 thereof and the interest earned on such obligations, including any

1 profit derived from the sale thereof, shall not be subject to
2 taxation of any kind by the State of Oklahoma, or by any county,
3 municipality or political subdivision thereof.

4 SECTION 14. AMENDATORY 68 O.S. 2001, Section 1004, as
5 last amended by Section 55, Chapter 1, O.S.L. 2007 (68 O.S. Supp.
6 2007, Section 1004), is amended to read as follows:

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

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

12 a. eighty-five and seventy-two one-hundredths percent
13 (85.72%) shall be paid to the State Treasurer of the
14 state to be placed in the General Revenue Fund of the
15 state and used for the general expense of state
16 government, to be paid out pursuant to direct
17 appropriation by the Legislature,

18 b. seven and fourteen one-hundredths percent (7.14%) of
19 the sum collected from natural gas and/or casinghead
20 gas or asphalt or ores bearing uranium, lead, zinc,
21 jack, gold, silver or copper shall be paid to the
22 various county treasurers to be credited to the County
23 Highway Fund as follows: Each county shall receive a
24 proportionate share of the funds available based upon

1 the proportion of the total value of production from
2 such county in the corresponding month of the
3 preceding year, and

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

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

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~~. For each fiscal year ending June 30, 2010,
21 through June 30, 2024, the first Seventy-three Million
22 Dollars (\$73,000,000.00) shall be placed in the HERO
23 Bonds Debt Service Fund created in Section 4 of this
24 act to repay the principal and interest and other

1 costs related to the issuance of obligations issued
2 pursuant to Section 13 of this act. The remainder
3 shall 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
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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 in excess of One Hundred Fifty Million Dollars
18 (\$150,000,000.00) in any fiscal year which would otherwise be
19 deposited in such funds shall be placed by the State Treasurer in
20 the General Revenue Fund of the state.

21 SECTION 15. This act shall become effective contingent upon
22 certification of election returns favoring passage of the
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24

1 Constitutional Amendment proposed in Senate Joint Resolution No. ____
2 of the 2nd Session of the 51st Oklahoma Legislature.

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