

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 SENATE BILL 1943

By: Schulz

4  
5  
6 AS INTRODUCED

7 An Act relating to schools; amending 70 O.S. 2001,  
8 Section 1-117, as last amended by Section 1, Chapter  
9 250, O.S.L. 2009 and 1-118 (70 O.S. Supp. 2009,  
10 Section 1-117), which relate to general and building  
11 funds; allowing school district to transfer monies in  
12 general fund to building fund; deleting prohibition  
13 on placement of certain monies in building fund;  
14 providing an effective date; and declaring an  
15 emergency.

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

17 SECTION 1. AMENDATORY 70 O.S. 2001, Section 1-117, as  
18 last amended by Section 1, Chapter 250, O.S.L. 2009 (70 O.S. Supp.  
19 2009, Section 1-117), is amended to read as follows:

20 Section 1-117. A. The general fund of any school district is  
21 hereby defined as a current expense fund and shall consist of all  
22 revenue or monies that can legally be expended within a certain  
23 specified fiscal year, but shall not be considered as including any  
24 money derived from a special building fund levy made in accordance  
with the provisions of Section 10 of Article X of the Oklahoma  
Constitution, nor shall it include any monies derived from the sale

1 of bonds issued under the provisions of Section 26 of Article X of  
2 the Oklahoma Constitution. All monies derived from the proceeds of  
3 the school levies made pursuant to the provisions of Section 9 of  
4 Article X of the Oklahoma Constitution shall be placed in the  
5 general fund provided by this section. Expenditures from the  
6 general fund shall be noncapital in nature. All monies derived from  
7 state-dedicated revenue, state-appropriated revenue unless otherwise  
8 provided for by law, and county sources shall be placed in the  
9 general fund provided for by this section. Except as provided for  
10 in subsections K and L of this section, a district shall not be  
11 authorized to make capital expenditures as defined by this section  
12 from the general fund. A school district may transfer monies in the  
13 general fund created herein into the building fund created in  
14 Section 1-118 of this title.

15 B. For purposes of this section, state-dedicated revenue shall  
16 be any registration or license fees, taxes, or penalties collected  
17 at the state level and distributed to common school districts.  
18 County sources shall be all funds collected by the county and  
19 distributed to common school districts but shall not include any  
20 funds derived from the building fund levy made in accordance with  
21 the provisions of Section 10 of Article X of the Oklahoma  
22 Constitution or funds derived from the sinking fund levy made in  
23 accordance with the provisions of Section 26 of Article X of the  
24 Oklahoma Constitution.

1 C. For the purposes of this section, a capital expenditure  
2 shall be an expenditure which results in the acquisition of fixed  
3 assets or additions to fixed assets. Capital expenditures shall  
4 include, but shall not be limited to, purchases of land or existing  
5 buildings, purchases of real property, improvements of grounds and  
6 sites for construction purposes, all expenditures for construction  
7 of buildings unless authorized by the State Board of Education or  
8 the State Board of Career and Technology Education upon application  
9 to the appropriate state board pursuant to subsection F of this  
10 section, additions to buildings, remodeling of buildings if such  
11 remodeling involves changes to roof structures or load-bearing  
12 walls, professional services, salaries and expenses of architects  
13 and engineers hired or assigned to capital projects except for such  
14 services, salaries and expenses as are applicable in preparation for  
15 a bond issue, expenditures for the initial installation and  
16 extension of service systems and built-in heat or air equipment to  
17 existing buildings, expenditures for the replacement of a building  
18 which has been destroyed, installments and lease payments on  
19 property, including interest, that have a terminal date and result  
20 in the acquisition of property, and expenditures for preliminary  
21 studies made prior to the time that authority to proceed with a  
22 construction project is given if authority is received within the  
23 same fiscal year that the expenditure was made.

24

1 D. Noncapital expenditures shall include, but shall not be  
2 limited to expenditures for maintenance, repair and replacement of  
3 property and equipment, initial or additional purchases of furniture  
4 and equipment, direct expenses for maintenance of plant, including  
5 grounds, salaries for maintenance of plant, including salaries for  
6 the upkeep of grounds, and repair and replacement of building  
7 structures which do not add to existing facilities and which do not  
8 involve changes in roof structures or load-bearing walls and which  
9 are not classified as a capital expenditure by this section.

10 E. The State Board of Education shall adopt and amend  
11 regulations regarding the classification, definition and financial  
12 administration of funds, accounts and expenditures in accordance  
13 with the requirements of this section.

14 F. A school district shall be authorized to make capital  
15 expenditures from the general fund to defray the cost of rebuilding  
16 a school building only if a school building or facility has been  
17 destroyed by a fire or natural disaster, such as flood, tornado or  
18 other act of God, or by an act of a public enemy of the United  
19 States or this state and monies received by the district through  
20 insurance coverage, federal reimbursement, contributions and  
21 allocation from the State Board of Education from the State Public  
22 Common School Building Equalization Fund are insufficient to rebuild  
23 the facility. Capital expenditures from the general fund pursuant  
24 to this subsection shall be limited to an amount necessary to defray

1 the cost of rebuilding the facility which exceeds monies received by  
2 the school district through insurance, federal reimbursement,  
3 contributions and state allocations.

4 G. Schools which receive gifts or donations or state-  
5 appropriated monies for the purpose of capital expenditures or  
6 projects shall place such monies in the building fund, as provided  
7 by Section 1-118 of this title, and not in the general fund. School  
8 districts which receive gifts, grants, or donations of monies for  
9 noncapital expenditures may place the monies in the general fund,  
10 and such monies shall not be required to be used during the year in  
11 which the money was received but may accumulate from year to year  
12 and shall not be considered a part of the general fund collections  
13 when calculating the general fund carryover as provided for in  
14 subsection G of Section 18-200.1 of this title.

15 H. School districts which receive monies from rental, sale, or  
16 lease of buildings, impact aid monies, or grants, gifts or donations  
17 for capital purposes, whether from state, federal, or other sources,  
18 may place such monies in the building fund authorized by Section 1-  
19 118 of this title or the general fund authorized by this section.

20 I. Any construction of a building included as a capital  
21 expenditure from the general fund of a school district which is  
22 authorized and has had a contractual agreement concerning such  
23 construction executed prior to July 1, 1991, may be proceeded with  
24

1 and completed as authorized prior to July 1, 1991, as a capital  
2 expenditure from such general fund.

3 J. School districts receiving revenues authorized by Section 9B  
4 of Article X of the Oklahoma Constitution shall be authorized to  
5 make capital expenditures from the general revenue fund no greater  
6 than the amount levied by the incentive millage.

7 K. Upon the approval of the State Board of Education, a school  
8 district shall be authorized to make capital expenditures as defined  
9 in this section from its general fund if:

10 1. A bond issue has been rejected at an election by the school  
11 district electors voting on that question within the current school  
12 year, as certified by the secretary of the county election board; or

13 2. The school district has voted indebtedness at any time  
14 within the preceding three (3) school years through the issuance of  
15 bonds or through approval by voters of issuance of new bonds for  
16 more than eighty-five percent (85%) of the maximum allowable  
17 pursuant to the provisions of Section 26 of Article X of the  
18 Oklahoma Constitution as shown on the school district budget filed  
19 with the State Board of Equalization for the current school year and  
20 certifications by the Attorney General prior to April 1 of the  
21 current school year. The State Board of Education shall establish  
22 the rules to administer the provisions of this subsection which  
23 shall include, but not be limited to, specification of a maximum  
24 amount of general fund monies to be used for capital expenditures,

1 the purposes for which such funds may be expended and the period of  
2 time in which such funds shall be encumbered.

3 L. Other provisions of this section notwithstanding, a school  
4 district shall be authorized to make capital expenditures from the  
5 general fund if the total assessed property valuation per average  
6 daily attendance is less than sixty percent (60%) of the state  
7 average total assessed property valuation per average daily  
8 attendance and if, for each year in which general fund revenue is  
9 used for capital expenditures, the district has voted the five-mill  
10 building fund levy authorized in Section 10 of Article X of the  
11 Oklahoma Constitution and has voted indebtedness through the  
12 issuance of new bonds for at least eighty-five percent (85%) within  
13 the last three (3) years of the maximum allowable pursuant to the  
14 provisions of Section 26 of Article X of the Oklahoma Constitution  
15 as shown on the school district budget filed with the State Board of  
16 Equalization for the current school year and certifications by the  
17 Attorney General prior to April 1 of the school year. Provided, the  
18 maximum amount of general fund revenue used for capital expenditures  
19 pursuant to this subsection shall not exceed five percent (5%) of  
20 the total yearly revenue to the general fund. Said fund may not be  
21 used for capital expenditures for more than five (5) consecutive  
22 years and may only be utilized for remodeling or construction of  
23 classroom facilities and such ancillary facilities to said  
24 classrooms as may be necessary. Provided, further, the State

1 Superintendent of Public Instruction shall certify in writing, prior  
2 to the expenditure of the funds for which provision is made in this  
3 subsection, that such expenditures are in compliance with the  
4 provisions of this subsection.

5 SECTION 2. AMENDATORY 70 O.S. 2001, Section 1-118, is  
6 amended to read as follows:

7 Section 1-118. The building fund of any school district shall  
8 consist of all monies derived from the proceeds of a building fund  
9 levy of not to exceed five (5) mills in any year, voted by the  
10 people of a school district pursuant to the provisions of Article X,  
11 Section 10, of the Oklahoma Constitution, monies appropriated by the  
12 state for the purpose of capital expenditures or projects, monies  
13 allocated to a school district by the State Board of Education from  
14 the State Public School Building Equalization Fund, and monies  
15 donated to a school district for the purpose of capital projects or  
16 improvements and may be used for erecting, remodeling, repairing, or  
17 maintaining school buildings, for purchasing furniture, equipment  
18 and computer software to be used on or for school district property,  
19 for paying energy and utility costs, for purchasing  
20 telecommunications services, for paying fire and casualty insurance  
21 premiums for school facilities, for purchasing security system, and  
22 for paying salaries of security personnel, or for one or more, or  
23 all, of such purposes. Proceeds of such levies shall not be  
24 required to be used during the year for which a levy is made but may

1 accumulate from year to year until adequate for the purposes  
2 intended. The building fund hereinabove defined is hereby declared  
3 to be a current expense fund, but shall not be considered a part of  
4 the general operating fund. ~~No monies derived from the proceeds of~~  
5 ~~the school levies made pursuant to the provisions of Article X,~~  
6 ~~Section 9 of the Oklahoma Constitution may be placed in the building~~  
7 ~~fund provided by this section.~~

8 SECTION 3. This act shall become effective July 1, 2010.

9 SECTION 4. It being immediately necessary for the preservation  
10 of the public peace, health and safety, an emergency is hereby  
11 declared to exist, by reason whereof this act shall take effect and  
12 be in full force from and after its passage and approval.

13  
14 52-2-3072 KM 2/3/2010 7:06:50 PM

15  
16  
17  
18  
19  
20  
21  
22  
23  
24