

1 STATE OF OKLAHOM

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

3 SENATE BILL 2178

By: Branan

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6 AS INTRODUCED

7 An Act relating to public finance; creating the  
8 Oklahoma Gross Production Tax Revenue Stabilization  
9 and Security Act; providing short title; authorizing  
10 the State Treasurer to enter into certain contracts  
11 for the stabilization and security of state revenue  
12 from the Gross Production Tax; requiring the advice  
and consent of the Cash Management and Investment  
Oversight Commission; requiring submission to the  
attorney general for review and comment; limiting the  
term of such contracts; providing for codification;  
and declaring an emergency.

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

16 SECTION 1. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 280 of Title 62, unless there is  
18 created a duplication in numbering, reads as follows:

19 This act shall be known and may be cited as the "Oklahoma Gross  
20 Production Tax Revenue Stabilization and Security Act".

21 SECTION 2. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 280.1 of Title 62, unless there  
23 is created a duplication in numbering, reads as follows:

1       A. The State Treasurer, on behalf of the state, shall contract  
2 with respect to contracts commonly known as commodity or other swap  
3 agreements, forward payment conversion agreements, futures, or  
4 contracts providing for payments based on levels of or changes in  
5 commodity prices, contracts to exchange cash flows or a series of  
6 payments or contracts, including without limitation options, puts,  
7 or calls to hedge payment, rate, spread, or similar exposure and  
8 other devices in order to establish a firm price for all or part of  
9 the anticipated mineral production subject to state gross production  
10 tax and royalty contract, subject to, and in accordance with, the  
11 following limitations, restrictions, and procedure:

12       1. Such action has been recommended by the State Treasurer to  
13 the Cash Management and Investment Oversight Commission;

14       2. The recommendation of the State Treasurer has been reviewed  
15 by the Cash Management and Investment Oversight Commission and the  
16 Commission has recommended the State Treasurer enter into such  
17 contracts based on criteria established by the Commission which may  
18 direct that a portion of any revenue gain associated with a contract  
19 be set aside or used to purchase risk protection to cover any risk  
20 associated with the contract;

21       3. All swap agreements, forward conversion agreements, future  
22 contract, or other contract authorized in this section have been  
23 selected by the state treasurer through a selection process and any  
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1 swap counter party selected is at least "A\A" rated according to  
2 industry standards;

3 4. The proposed contract has been submitted for review and  
4 comment to the Attorney General who for the purposes of this section  
5 shall be considered and shall act as legal counsel for the Cash  
6 Management and Investment Oversight Commission and for the State  
7 Treasurer.

8 B. The Cash Management and Investment Oversight Commission may  
9 require that appropriate insurance is purchased to ensure  
10 performance of the contract.

11 C. In no event shall any contract authorized pursuant to this  
12 section be for a period longer than one year, whether calendar or  
13 fiscal.

14 SECTION 3. It being immediately necessary for the preservation  
15 of the public peace, health and safety, an emergency is hereby  
16 declared to exist, by reason whereof this act shall take effect and  
17 be in full force from and after its passage and approval.

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