STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

SUBCOMMITTEE RECOMMENDATION
FOR
HOUSE BILL NO. 2469 By: Morrissette

SUBCOMMITTEE RECOMMENDATION

An Act relating to the State Infrastructure Bank; amending 69 O.S. 2011, Sections 403, 403.1, 404, 405, 407 and 412, which relate to the State Infrastructure Bank; increasing applicability of State Infrastructure Bank; providing for credit assistance; authorizing Transportation Commission to submit Letter of Interest; modifying definition; increasing applicability of State Infrastructure Bank Revolving Fund; including additional federal act; increasing scope to include certain federal act; authorizing certain credit assistance as a revenue source; and providing an effective date.

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

SECTION 1. AMENDATORY 69 O.S. 2011, Section 403, is amended to read as follows:

Section 403. A. The Transportation Commission is hereby authorized to create a "State Infrastructure Bank", pursuant to the federal National Highway System Designation Act of 1995 <u>and the Transportation Infrastructure Finance and Innovation Act of 1998</u>, for the purpose of pooling available federal, private and state

appropriated or revolving fund monies or credit assistance specifically authorized by the Legislature for such use. The Commission shall be the instrumentality to make application to the Federal Highway Administration for the capitalization grant which is to be placed in the State Infrastructure Bank. The Commission shall be the instrumentality to submit a Letter of Interest to the Federal Highway Administration for credit assistance pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998. The Commission shall adopt all rules necessary to implement and effectuate the provisions of this act.

B. The State Infrastructure Bank authorized by this section may be utilized by the various counties of Oklahoma for pooling available federal, private and state appropriated or revolving fund monies or credit assistance specifically authorized by the Legislature for capital improvements. The various counties of Oklahoma are authorized to receive and repay monies from the ~~Oklahoma~~ Department of Transportation revolving fund designated as the "State Infrastructure Bank Revolving Fund" for the purpose specifically authorized by the Legislature.

C. The Transportation Commission shall be authorized to make loans from the State Infrastructure Bank to qualified applicants as provided in this act in order to implement the provisions of the National Highway System Designation Act of 1995 and the Transportation Infrastructure Finance and Innovation Act of 1998.

SECTION 2. AMENDATORY 69 O.S. 2011, Section 403.1, is amended to read as follows:

Section 403.1 For the purposes of ~~this act~~ Sections 403 through 412 of this title:

1. "Eligible project" means the construction, restoration, or replacement of a public transportation facility, limited to highways, bridges, roads, streets, rail, rail crossings, and right-of-way acquisition that would enhance the economic development of this state and provide safety to the citizens of this state;

2. "Eligible applicant" means state agencies, counties, cities, special districts, municipal corporations, and Indian tribal governments;

3. "Commission" means the ~~Oklahoma~~ Transportation Commission;

4. "Department" means the ~~Oklahoma~~ Department of Transportation; and

5. "Director" means the Director of the ~~Oklahoma~~ Department of Transportation.

SECTION 3. AMENDATORY 69 O.S. 2011, Section 404, is amended to read as follows:

Section 404. A. There is hereby created in the State Treasury a revolving fund for the ~~Oklahoma~~ Department of Transportation to be designated the "State Infrastructure Bank Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of the following:

1. All monies received by the Department of Transportation as provided in Section 403 of this title;

2. All monies received pursuant and subject to the provisions of the National Highway System Designation Act of 1995 and the Transportation Infrastructure Finance and Innovation Act of 1998 which are eligible for use in state revolving loan funds established to meet the requirements of that act;

3. All monies appropriated to this fund;

4. Payments of principal and interest and penalty payments on loans made directly from federal monies and appropriated monies in this fund;

5. Annual state administration fees of one-half percent (1/2%) on the outstanding loan balance; and

6. Any other sums designated for deposit to this fund from any source, public or private.

All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the ~~Oklahoma~~ Department of Transportation for the purposes of effectuating the provisions of this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of State Finance for approval and payment.

B. The monies placed in the State Infrastructure Bank Revolving Fund shall be invested by the State Treasurer as prescribed by

Section 89.2 of Title 62 of the Oklahoma Statutes. Any interest earned by the State Treasurer shall be deposited to the credit of the State Infrastructure Bank Revolving Fund. Monies invested by the State Treasurer shall be available to meet the program funding needs established by the Department of Transportation pursuant to this act.

SECTION 4. AMENDATORY 69 O.S. 2011, Section 405, is amended to read as follows:

Section 405. The ~~Oklahoma~~ Department of Transportation shall use the State Infrastructure Bank Revolving Fund ~~only as provided by the National Highway System Designation Act of 1995~~ for the following purposes:

1. To make a loan to an eligible entity if:

   a. the loan application, project and planning documents have been approved by the Department or the ~~Oklahoma~~ Transportation Commission,

   b. the loan is made at or below market interest rates,

   c. principal and interest payments will begin no later than the month following the completion of the project,

   d. the State Infrastructure Bank Revolving Fund will be credited with all payments of principal and interest on all loans,

e. the applicant demonstrates to the satisfaction of the Department the financial capability to assure sufficient revenues to pay debt service,

f. the recipient of the loan establishes a dedicated source of revenue for payment of debt service for the loan, and

g. the recipient agrees to maintain financial records in accordance with governmental accounting standards, to conduct an annual audit of the financial records relating to the construction project, and to submit the audit report to the Department on a scheduled annual basis;

2. To guarantee or purchase insurance for eligible entities if the guarantee or insurance would improve access to market credit or reduce interest rates;

3. To provide loan guarantees to similar revolving loan accounts or funds established by eligible entities;

4. To administer the State Infrastructure Bank Revolving Fund pursuant to the provisions in this act. All funds to be utilized for administrative costs from the State Infrastructure Bank Revolving Fund shall be subject to annual appropriation by the Legislature; and

5. For such other purpose or in such manner as is determined by the Commission or the Director to be an appropriate use of the State

Infrastructure Bank Revolving Fund and which has been specifically approved by the Federal Highway Administration pursuant to the National Highway System Designation Act of 1995 and the Transportation Infrastructure Finance and Innovation Act of 1998.

SECTION 5. AMENDATORY 69 O.S. 2011, Section 407, is amended to read as follows:

Section 407. The ~~Oklahoma~~ Department of Transportation shall prescribe such rules as may be necessary for determining the eligibility and priority of such entities for transportation projects in order to receive loans made pursuant to the National Highway System Designation Act of 1995, credit assistance pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998 and the State Infrastructure Bank Revolving Fund. At a minimum, such rules shall:

1. Ensure the fair and equitable prioritization of entities eligible for loans made pursuant to the provisions of this act;

2. Be in conformance with applicable provisions of the National Highway System Designation Act of 1995 and the Transportation Infrastructure Finance and Innovation Act of 1998;

3. Require that, to be approved, an applicant needs or will need the transportation project loan to comply with regulations and standards adopted by the Department; and

4. Require the transportation project to:

a. be designed to enhance the economic development of this state and provide safety to its citizens,

b. meet the established criteria of the Department as provided for by the National Highway System Designation Act of 1995 <u>and the Transportation Infrastructure Finance and Innovation Act of 1998</u>,

c. comply with all applicable federal, state, and local laws and rules, and

d. meet any other consideration deemed necessary by the Department.

SECTION 6. AMENDATORY 69 O.S. 2011, Section 412, is amended to read as follows:

Section 412. A. In order to administer the State Infrastructure Bank, the following sources of revenues may be utilized:

1. Monies from the State Infrastructure Bank Revolving Fund pursuant to the federal National Highway System Designation Act of 1995 <u>and credit assistance pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998</u>;

2. Loan processing fees; and

3. Appropriations from the General Revenue Fund or other funds as may be provided for this purpose.

B. All funds to be utilized for administration by the ~~Oklahoma~~ Department of Transportation shall be subject to annual appropriation by the Legislature.

SECTION 7. This act shall become effective November 1, 2012.

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