

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2629 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Randy McDaniel _____

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

PROPOSED COMMITTEE
SUBSTITUTE
FOR
HOUSE BILL NO. 2629

By: McDaniel (Randy)

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to public finance; making legislative findings regarding certain actions of the Governmental Accounting Standards Board; making legislative findings regarding requirements of Section 26 of Article X of the Oklahoma Constitution; providing statement for possible use in certain financial disclosure documents for use by political subdivisions of the State of Oklahoma; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 600 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Legislature finds that recent actions by the Governmental Accounting Standards Board (GASB) have important consequences for political subdivisions in the State of Oklahoma.

B. The proposed GASB Statement Nos. 67 and 68 regarding the accounting practices of the political subdivisions would require

1 those units of local government to make disclosures related to
2 certain pension benefit obligations which are already reflected in
3 the liabilities of the Oklahoma Firefighters Pension and Retirement
4 System, the Oklahoma Police Pension and Retirement System, the
5 Teachers' Retirement System and the Oklahoma Public Employees
6 Retirement System.

7 C. The Legislature finds that Section 26 of Article X of the
8 Oklahoma Constitution limits the general obligation debt of its
9 counties, cities, towns and school districts and that those
10 political subdivisions cannot legally incur general obligation debt
11 except through the methods provided by the Oklahoma Constitution.

12 D. The Legislature finds that there are potentially
13 inconsistent requirements if the political subdivisions follow the
14 recommendations contained in GASB Statement Nos. 67 and 68 because
15 the disclosures required in such GASB Statements could cause third
16 parties, relying on the information in the required disclosures, to
17 reach conclusions about the financial condition of the political
18 subdivisions that would be inconsistent with the provisions of the
19 Oklahoma Constitution which limit the total amount of general
20 obligation debt such subdivisions may incur and the method by which
21 such debt is undertaken.

22 E. The Legislature finds that the following language might be
23 of assistance to counties, cities, towns and school districts with
24 regard to the issue of compliance with the provisions of GASB

1 Statement Nos. 67 and 68 and the requirements imposed by Section 26
2 of Article X of the Oklahoma Constitution:

3 THE OKLAHOMA CONSTITUTION RESTRICTS THE TOTAL AMOUNT OF DEBT
4 THAT A COUNTY, CITY, TOWN OR LOCAL SCHOOL DISTRICT MAY INCUR. THIS
5 RESTRICTION IS CONTAINED IN SECTION 26 OF ARTICLE X OF THE OKLAHOMA
6 CONSTITUTION.

7 THE TOTAL AMOUNT OF GENERAL OBLIGATION DEBT IS LIMITED TO A
8 MAXIMUM OF EITHER FIVE PERCENT (5%) (FOR COUNTIES) OR TEN PERCENT
9 (10%) (FOR CITIES, TOWNS AND LOCAL SCHOOL DISTRICTS) OF THE NET
10 ASSESSED VALUATION FOR ALL TAXABLE PROPERTY LOCATED WITHIN THE
11 APPLICABLE POLITICAL SUBDIVISION.

12 THIS CONSTITUTIONAL LIMIT IS UPON THE TOTAL PRINCIPAL AMOUNT OF
13 DEBT OUTSTANDING.

14 INDEBTEDNESS WHICH IS A LEGALLY ENFORCEABLE OBLIGATION OF THE
15 APPLICABLE POLITICAL SUBDIVISION MUST BE APPROVED BY A THREE-FIFTHS
16 (3/5) VOTE OF THE VOTERS OF THE JURISDICTION.

17 NO POLITICAL SUBDIVISION IS AUTHORIZED UNDER THE OKLAHOMA
18 CONSTITUTION OR OKLAHOMA STATUTES TO INCUR ANY OTHER FORM OF GENERAL
19 OBLIGATION DEBT OR ANY AMOUNT OF GENERAL OBLIGATION DEBT THAN THE
20 METHOD PRESCRIBED BY LAW.

21 F. The Legislature finds that the political subdivisions of the
22 State of Oklahoma may need to include information in their periodic
23 financial reports to clarify the effect of the Oklahoma Constitution
24 as it relates to information which may be required in order for the

1 financial reports of the political subdivisions to be in compliance
2 with the standards of GASB Statement Nos. 67 and 68.

3 G. The Legislature encourages the governing boards of each of
4 its political subdivisions to take such steps as may be required to
5 ensure that the citizens of those respective subdivisions, the
6 professional advisors for the respective subdivisions and third
7 parties are readily able to determine with accuracy the amount of
8 debt for which the political subdivision is legally obligated under
9 the laws of the State of Oklahoma and to clearly distinguish such
10 obligations from any other information that may be contained in the
11 financial reports of such political subdivision.

12 SECTION 2. This act shall become effective November 1, 2014.

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