

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 54th Legislature (2014)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2629

By: McDaniel (Randy) of the  
House

7 and

8 Brinkley of the Senate

9  
10  
11 COMMITTEE SUBSTITUTE

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

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

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

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

4           B. The proposed GASB Statement Nos. 67 and 68 regarding the  
5 accounting practices of the political subdivisions would require  
6 those units of local government to make disclosures related to  
7 certain pension benefit obligations which are already reflected in  
8 the liabilities of the Oklahoma Firefighters Pension and Retirement  
9 System, the Oklahoma Police Pension and Retirement System, the  
10 Teachers' Retirement System and the Oklahoma Public Employees  
11 Retirement System.

12           C. The Legislature finds that Section 26 of Article X of the  
13 Oklahoma Constitution limits the general obligation debt of its  
14 counties, cities, towns and school districts and that those  
15 political subdivisions cannot legally incur general obligation debt  
16 except through the methods provided by the Oklahoma Constitution.

17           D. The Legislature finds that there are potentially  
18 inconsistent requirements if the political subdivisions follow the  
19 recommendations contained in GASB Statement Nos. 67 and 68 because  
20 the disclosures required in such GASB Statements could cause third  
21 parties, relying on the information in the required disclosures, to  
22 reach conclusions about the financial condition of the political  
23 subdivisions that would be inconsistent with the provisions of the  
24 Oklahoma Constitution which limit the total amount of general

1 obligation debt such subdivisions may incur and the method by which  
2 such debt is undertaken.

3 E. The Legislature finds that the following language might be  
4 of assistance to counties, cities, towns and school districts with  
5 regard to the issue of compliance with the provisions of GASB  
6 Statement Nos. 67 and 68 and the requirements imposed by Section 26  
7 of Article X of the Oklahoma Constitution:

8 THE OKLAHOMA CONSTITUTION RESTRICTS THE TOTAL AMOUNT OF DEBT  
9 THAT A COUNTY, CITY, TOWN OR LOCAL SCHOOL DISTRICT MAY INCUR. THIS  
10 RESTRICTION IS CONTAINED IN SECTION 26 OF ARTICLE X OF THE OKLAHOMA  
11 CONSTITUTION.

12 THE TOTAL AMOUNT OF GENERAL OBLIGATION DEBT IS LIMITED TO A  
13 MAXIMUM OF EITHER FIVE PERCENT (5%) (FOR COUNTIES) OR TEN PERCENT  
14 (10%) (FOR CITIES, TOWNS AND LOCAL SCHOOL DISTRICTS) OF THE NET  
15 ASSESSED VALUATION FOR ALL TAXABLE PROPERTY LOCATED WITHIN THE  
16 APPLICABLE POLITICAL SUBDIVISION.

17 THIS CONSTITUTIONAL LIMIT IS UPON THE TOTAL PRINCIPAL AMOUNT OF  
18 DEBT OUTSTANDING.

19 INDEBTEDNESS WHICH IS A LEGALLY ENFORCEABLE OBLIGATION OF THE  
20 APPLICABLE POLITICAL SUBDIVISION MUST BE APPROVED BY A THREE-FIFTHS  
21 (3/5) VOTE OF THE VOTERS OF THE JURISDICTION.

22 NO POLITICAL SUBDIVISION IS AUTHORIZED UNDER THE OKLAHOMA  
23 CONSTITUTION OR OKLAHOMA STATUTES TO INCUR ANY OTHER FORM OF GENERAL  
24

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.

1 OBLIGATION DEBT OR ANY AMOUNT OF GENERAL OBLIGATION DEBT THAN THE  
2 METHOD PRESCRIBED BY LAW.

3 F. The Legislature finds that the political subdivisions of the  
4 State of Oklahoma may need to include information in their periodic  
5 financial reports to clarify the effect of the Oklahoma Constitution  
6 as it relates to information which may be required in order for the  
7 financial reports of the political subdivisions to be in compliance  
8 with the standards of GASB Statement Nos. 67 and 68.

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

18 SECTION 2. This act shall become effective November 1, 2014.  
19

20 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND FINANCIAL  
21 SERVICES, dated 02/20/2014 - DO PASS, As Amended and Coauthored.  
22  
23  
24