

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 HOUSE BILL 1037

By: Casey

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5
6 AS INTRODUCED

7 An Act relating to public finance; amending 62 O.S.
8 2011, Section 430.1, which relates to governmental
9 subdivisions; allowing certain subdivisions to take
10 possession of title to vehicles acquired in lease-
11 purchase agreements subject to security interest; and
12 providing an effective date.

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

14 SECTION 1. AMENDATORY 62 O.S. 2011, Section 430.1, is
15 amended to read as follows:

16 Section 430.1 A. The governing board of any county, city or
17 town, or school district is authorized to rent on a monthly basis
18 real or personal property as authorized by the governing board and
19 to pay the rental charges thereon for usage during any fiscal
20 period, or portion thereof, out of appropriations made and approved
21 for such purposes for, or during, such fiscal year. Any such rental
22 contract extending beyond June 30 of the fiscal year shall contain
23 provisions for mutual ratification of renewal under the conditions
24 provided in this section.

1 B. As used in this section, the term "personal property" shall
2 include, but not be limited to:

3 1. Portable, or otherwise moveable, buildings and structures;

4 2. Prefabricated metal buildings and structures, along with
5 necessary utility services for such buildings or structures;

6 3. Roofs placed over existing roof structures; provided, lease-
7 purchase of retrofit metal roofs shall be awarded by competitive
8 bids and the governing board of any county, city or town, or school
9 district shall comply with the Public Competitive Bidding Act of
10 1974 where total payments of principle and interest provided by the
11 lease-purchase contract are anticipated to exceed Twenty-five
12 Thousand Dollars (\$25,000.00); and

13 4. Other structures or property that can be disassembled after
14 installation and removed without permanent physical damage to
15 existing property.

16 Notwithstanding the provisions of Section 7 of Title 60 of the
17 Oklahoma Statutes, such personal property shall retain its status as
18 personal property and shall not be deemed to become attached to the
19 real estate for the duration of the lease-purchase agreement.

20 C. It is the purpose of this section to authorize such
21 governing boards to enter into lease and lease-purchase contracts
22 but not to incur any obligation upon the part of their respective
23 municipal or governmental subdivisions in excess of the income and
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1 revenue thereof provided for such purposes for the fiscal year in
2 which the lease contract is effectively operative.

3 D. Any agreement to lease and purchase real or personal
4 property, where title is to be acquired by the municipal or
5 governmental subdivision, shall state the purchase price of the real
6 or personal property so leased and in no event shall the lease be
7 extended so as to cause payment of more than the stated purchase
8 price of the real or personal property plus interest not to exceed
9 ten percent (10%) simple interest on the unpaid balance due as of
10 each payment date. A municipal or governmental subdivision
11 acquiring a vehicle through a lease-purchase agreement may take
12 possession of title in order to properly tag the vehicle. The title
13 shall have the security interest entered on the title by the vendor
14 or financing institution pursuant to Section 1105 of Title 47 of the
15 Oklahoma Statutes. When the purchase price plus interest has been
16 paid, the property shall belong to the lessee and the lessor shall
17 deliver a bill of sale to the property to the lessee and the
18 security interest shall be released pursuant to Section 1105 of
19 Title 47 of the Oklahoma Statutes. Any lease-purchase agreement may
20 include an option to purchase, transfer and acquire title during the
21 term of the lease upon payment of the balance of the agreed purchase
22 price, and each agreement shall include a provision to transfer
23 title to the lessee at the end of the completed lease term for
24 nominal or no additional consideration.

1 E. The payment for the lease or rental of real or personal
2 property shall be made only from annual and supplemental
3 appropriations specifically designated for such purpose, and no
4 appropriation for the purpose of paying rentals on real or personal
5 property shall be transferred or diverted to any other purpose,
6 except as may be authorized by the terms of the agreement or by law.

7 F. When any real or personal property has been leased or rented
8 during any fiscal year under any contract which permits continuance
9 of such rental for the remainder of the fiscal year, the renting or
10 leasing thereof shall be continued for the remainder of the fiscal
11 year unless the governing body renting or leasing the same, by
12 proper resolution entered in the minutes of the governing body,
13 shall certify that the continuance of such rental is unnecessary and
14 contrary to the public interest. However, to affect a contract
15 termination of lease or lease-purchase equipment, written notice
16 shall be sent by certified mail to the vendor thirty (30) days prior
17 to the termination of the contract. Such notice shall be
18 accompanied by payment of all sums then owed up to the date of the
19 termination of the contract and shall certify that the canceled
20 equipment is not being replaced by equipment performing similar
21 functions. All equipment covered by such contract termination shall
22 be returned to the vendor at the expense of the governmental agency
23 terminating such contract. Such equipment shall be returned in good
24 condition to a location designated by the vendor and the equipment,

1 when returned, shall be free of all liens and encumbrances.
2 Satisfaction of all of the requirements of this section shall
3 release the governmental agency terminating such contract from any
4 further obligation to make any further payments to the vendor.

5 SECTION 2. This act shall become effective November 1, 2013.

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