STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

HOUSE BILL 1883 By: Armes of the House

and

Ford of the Senate

AS INTRODUCED

An Act relating to public lands; amending 64 O.S. 2011, Section 1011, as amended by Section 1, Chapter 114, O.S.L. 2012 (64 O.S. Supp. 2012, Section 1011), which relates to the Commissioners of the Land Office Revolving Fund; modifying source of funding; allowing the Secretary of the Land Office to designate the addition of certain funds; modifying uses of the fund; deleting certain administration duties of the Director of Accounting for the Land Office; amending 64 O.S. 2011, Section 1020, which relates to the sale of oil, gas or mineral leases; granting the Commissioners of the Land Office authority to negotiate leases under certain circumstances; amending 64 O.S. 2011, Section 1029, which relates to Cash Journal requirements; providing procedures for holding and safeguarding certain deposits; requiring the return of deposits within certain time period; amending 64 O.S. 2011, Section 1035, which relates to duties of the Accounting Division; modifying contents of monthly statements; amending 64 O.S. 2011, Sections 1067 and 1068, which relate to lessee liability for surface damages; requiring payment of damages to each individual owner and lessee; changing process for assessing damages and compensation; amending 64 O.S. 2011, Section 1069, as amended by Section 2, Chapter 114, O.S.L. 2012 (64 O.S. Supp. 2012, Section 1069), which relates to bonuses, royalties and delayed rental income; allowing certain other designated income to be distributed; amending 74 O.S. 2011, Section 3105, which relates to information to be included in certain publications;

exempting certain publications produced by the Commissioners of the Land Office; repealing 64 O.S. 2011, Section 1028, which relates to loan and investment office numbers; repealing 64 O.S. 2011, Section 1077, which relates to payment of certain income to the State Treasurer; repealing 64 O.S. 2011, Section 1080, which relates to authority to make certain investments; and declaring an emergency.

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

SECTION 1. AMENDATORY 64 O.S. 2011, Section 1011, as amended by Section 1, Chapter 114, O.S.L. 2012 (64 O.S. Supp. 2012, Section 1011), is amended to read as follows:

Section 1011. A. There is hereby created a revolving fund for the Commissioners of the Land Office to be designated the "Commissioners of the Land Office Revolving Fund". The fund shall be a continuing fund not subject to fiscal year limitations and into which shall be paid all fees that may be collected by the Commissioners of the Land Office, transfers from other revolving funds of the Commissioner of the Land Office and any ~~appropriated~~ monies designated for transfer into the fund. In addition, available monies received within an annual period may be added to the fund upon designation by the Secretary of the Land Office, in such case the funds are hereby appropriated and may be budgeted and expended by the Commissioners of the Land Office within the annual period in which received or thereafter in the performance of the

constitutional and statutory trust duties of the Commissioners of the Land Office. Monies from the fund may be used to pay for all books, forms, and other necessary equipment and supplies for the installation and maintenance of a modern system of accounting, necessary printing expenses, abstracts, refunds, expenses incidental to the operation of the Land Office, necessary communication and traveling expenses incurred by the employees of the Land Office, attorney fees and litigation expenses, collection costs and expenses, distributions and conservation and commercial property upgrades. The Commissioners of the Land Office may also use monies in the revolving fund for any expenses of the Land Office related to personal services, operating expenses ~~and~~, the purchase of equipment and for the performance of all duties necessary and as may be prescribed to carry out the function of the Land Office. All funds accruing to the fund are hereby appropriated. Monies in the fund may be invested by the State Treasurer in the manner prescribed in Section 89.1a et seq. of Title 62 of the Oklahoma Statutes. Interest income derived from the investment of monies in the fund shall be credited to and placed in the fund.

B. There is hereby created a cash drawer change fund for the Commissioners of the Land Office. The fund shall be used as cash for the Land Office to make change for customers. The amount held in the fund shall not exceed One Thousand Dollars ($1,000.00). The initial amount in the fund shall be drawn by warrant from the

revolving fund created pursuant to subsection A of this section. All adjustments to the amount retained in the fund shall be by withdrawal and deposit in the revolving fund established pursuant to subsection A of this section. No purchases shall be made from the fund. Officers, employees or agents of the Land Office shall be prohibited from receiving change from the fund. ~~The Director of Accounting for the Land Office, with the approval of the internal auditor, shall prescribe forms, systems and procedures for the administration of the fund.~~

SECTION 2. AMENDATORY 64 O.S. 2011, Section 1020, is amended to read as follows:

Section 1020. The Commissioners of the Land Office may sell oil and gas or other mineral leases on any of the public lands under their control and supervision whether the same was acquired by federal grant, donation, foreclosure or otherwise. The Commissioners of the Land Office shall publish notice of the lease sale one time not less than thirty (30) days prior to the lease sale date in two newspapers authorized by law to publish legal notices. One of the newspapers shall be published in the county where the land is located or other newspaper as authorized by Section 106 of Title 25 of the Oklahoma Statutes. The other shall be a newspaper of general circulation in this state. The leasing shall require and the advertisement shall specify in each case a fixed royalty to be paid by the successful bidder, in addition to any bonus offered for

the lease, and no transfer or assignment of any lease shall be valid or confer any right in the assignee without the prior consent of the Commissioners of the Land Office in writing. Agricultural lessees in possession of the lands shall be reimbursed for all damage done to the interest of the agricultural lessee. The Commissioners of the Land Office have the right to reject any and all bids for leases. In the event only one bid is received from responsible bidders after public competition as provided for in this section, the Commissioners of the Land Office shall have authority to negotiate leases to obtain the highest and best pricing, upon terms that are in the best interests of the trust, to maximize earnings and to protect trust assets. The Commissioners of the Land Office shall provide any other notice of oil and gas lease sales to all interested parties by any means it determines is needed to attract the best competition.

SECTION 3. AMENDATORY 64 O.S. 2011, Section 1029, is amended to read as follows:

Section 1029. The Cash Journal shall be balanced daily and the total of the receipts of each day shall be deposited with the State Treasurer as now required by the State Depository Law, except that deposits placed at auction for the sale or lease of lands or minerals pending finalization of a sale or lease transaction shall be secured by the Secretary of the Land Office for safekeeping. The deposits held by the Secretary shall be paid into the treasury

clearing account of the Commissioners of the Land Office within three (3) business days following final approval and execution of all required documents related to the transaction. A deposit shall be returned to the payor of the deposit within three (3) business days following the determination by the Commissioners of the Land Office that the transaction will not be finalized. It shall be the duty of the Commissioners of the Land Office to notify each debtor to make their checks, drafts, or other transfer of monies payable to the order of the Commissioners of the Land Office. The endorsements on the checks, drafts or other evidence of transfers of monies shall be in the following words:

"Pay to the order of the Treasury of the State of Oklahoma, for credit only to the Commissioners of the Land Office". No person, firm or corporation shall cash or pay out on any check, voucher, draft, money order or other evidence of transfers of money, or its equivalent, without the endorsements, and the endorsement of the State Treasurer appearing thereon.

Any person, firm or corporation knowingly violating this provision shall be guilty of a felony and, upon conviction, shall be punished by a fine of not less than One Hundred Dollars ($100.00) nor more than One Thousand Dollars ($1,000.00), or by imprisonment in the custody of the Department of Corrections for a term of not more than three (3) years or by both the fine and imprisonment. In addition, the person, firm or corporation shall be civilly liable to

the Commissioners of the Land Office for the use and benefit of the fund which has sustained the loss in double the amount of the check, voucher, money order, draft or other evidence of transfer of money, so cashed or paid.

All checks or vouchers drawn against any Special Agency Account by the Commissioners of the Land Office shall be issued only by the principal fiscal officer upon written application of the head of the division of the School Land Department. Each check or voucher shall be signed in the name of the Commissioners of the Land Office by the Secretary or in the absence of the Secretary by the Assistant Secretary and shall be countersigned by the principal fiscal officer. The form of check or voucher shall be prescribed by the State Treasurer and shall indicate on its face the purpose for which drawn, the amount and the account to which chargeable. No check shall leave the office until protected by use of a machine for printing amounts on checks, as by perforations, so as to prevent alterations.

SECTION 4. AMENDATORY 64 O.S. 2011, Section 1035, is amended to read as follows:

Section 1035. It is hereby the duty of the Accounting Division under the supervision of the Secretary of the Land Office to submit to the Commissioners of the Land Office a monthly statement of all ~~assets and liabilities owned by~~ operational expenditures of the Land Office. The Secretary shall, not later than the fifth day of each

regular session of the Legislature, submit a detailed financial statement to the Governor and to the Legislature for the preceding fiscal year ending June 30 reflecting all assets and liabilities owned and held by the Land Office at the close of the period, profits made and losses sustained, together with a detailed schedule of all lands, loans, bonds, and coupons, contracts and judgments owned and held by the Land Office.

SECTION 5. AMENDATORY 64 O.S. 2011, Section 1067, is amended to read as follows:

Section 1067. Any person, firm or corporation leasing under the provisions of this article and operating for oil and gas shall be separately liable to the surface owner~~,~~ and the surface lessee ~~or purchaser~~ for all damages or loss accruing to the surface interest in said land and to all crops and improvements thereupon and appurtenances and hereditaments thereunto belonging, whether said land be agricultural, timber, grazing or otherwise, to the extent of the damages accruing to either or both the surface owner and the surface lessee, and each shall be paid individually by the mineral lessee.

SECTION 6. AMENDATORY 64 O.S. 2011, Section 1068, is amended to read as follows:

Section 1068. Should the lessee or owner of the surface interest and the lessee of the oil and gas interest specified in this article be unable to agree upon the damage and loss sustained

by ~~such~~ each surface lessee or owner by ~~such~~ the lessee of the oil and gas interests therein, ~~the latter may condemn the same for such purpose under the law of eminent domain to like extent and in the same manner and upon the same procedure and remedies as is provided for the assessment of damages and compensation to the owner of the fee in case of condemnation for railway purposes~~ relief shall be provided in accordance with the provisions of the Oklahoma Surface Damages Act.

SECTION 7. AMENDATORY 64 O.S. 2011, Section 1069, as amended by Section 2, Chapter 114, O.S.L. 2012 (64 O.S. Supp. 2012, Section 1069), is amended to read as follows:

Section 1069. A. The proceeds derived in bonuses and royalties and from other inducements and considerations for the execution and operation of the oil and gas leases as authorized in this title, except oil and gas leases on state-owned lands set apart and designated for the use, benefit, and occupancy of state educational institutions, shall be for the use and benefit of the lands which were granted by the United States to the State of Oklahoma, and to the territory now comprising the area embraced within the state, under the provisions of the Enabling Act and any and all other Acts of Congress. Bonus and delay rental income received by the Land Office ~~shall~~ and other income as designated by the Secretary of the Land Office for transfer and received by the Land Office may be distributed to current beneficiaries in like manner as lease income

received from surface leases, except that if determined to be in the best interest of the trust, the distributions may be made upon a schedule determined by a five-year rolling average of bonus and delay rental income.

B. There is hereby created a revolving fund for the Commissioners of the Land Office to be designated the "Multiyear Education Distribution Stabilization Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of bonus and delay rental income received by the Commission, if it is determined by the Commission to be in the best interest of the trust to make distributions of the income upon a five-year rolling average schedule as authorized in subsection A of this section. Monies in the fund may be invested by the State Treasurer in the manner prescribed in Section 89.1a et seq. of Title 62 of the Oklahoma Statutes. Interest income derived from the investment of monies in the fund shall be credited to and placed in the fund.

SECTION 8. AMENDATORY 74 O.S. 2011, Section 3105, is amended to read as follows:

Section 3105. A. Unless otherwise provided by law, every agency, department, board, commission or institution of the State of Oklahoma shall list the following information at a prominent place near the beginning of each publication issued by them:

1. Name of the issuing agency, department, board, commission or institution;

2. Authorization for publication. If such publication is not specifically authorized by statute the name of the person or persons so authorizing shall be stated;

3. The number of copies printed;

4. Name of printing firm doing printing; and

5. Assurance of compliance with Section 3-114 of Title 65 of the Oklahoma Statutes.

B. The information shall be set forth in a separate paragraph and shall conform as nearly as practical to the following format:

> "This publication, printed by (name of printing firm) is issued by (here list the agency, department, board, commission or institution) as authorized by _____. _____ copies have been prepared and distributed at a cost of $_____. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries."

C. State promotion and informational publications produced by the Oklahoma Tourism and Recreation Department, Travel Promotion Division, the Commissioners of the Land Office and the Oklahoma Department of Commerce shall be exempt from the provisions of this section.

SECTION 9. REPEALER 64 O.S. 2011, Section 1028, is hereby repealed.

SECTION 10. REPEALER 64 O.S. 2011, Section 1077, is hereby repealed.

SECTION 11. REPEALER 64 O.S. 2011, Section 1080, is hereby repealed.

SECTION 12. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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