STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

SENATE BILL 397 By: Crain

AS INTRODUCED

An Act relating to public finance; creating the STEMM Trust Fund; providing for use of fund; creating the Board of Investors of the STEMM Trust Fund; establishing duties; providing for appointments to the Board of Investors of the STEMM Trust Fund; providing for staggered terms and appointment of successors; providing for removal for cause; providing for travel reimbursement; providing for election of officers; limiting terms; requiring quorum to transact business; directing adherence to certain Acts; providing for staffing; directing submission of certain report; directing the State Treasurer to make certain transfer by certain date; providing for distribution of certain certified amount; establishing criteria for expenditure; providing for submission of certain report on expenditures; prohibiting the supplanting or replacement of certain existing state funds; directing the State Board of Equalization to examine and investigate expenditures, issue findings and a report; providing for supplanted amount to be specified by the Board; requiring the Legislature to replenish state funding under certain circumstances; creating the Oklahoma Building Bonds Higher Education Sinking Fund; providing for use of fund; directing the State Treasurer to make certain deposits; amending 62 O.S. 2011, Section 57.303, as last amended by Section 435, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2014, Section 57.303); directing the Oklahoma Building Bonds Commission to perform certain other duties; 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 4020 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a trust fund to be known as the "STEMM Trust Fund" to support science, technology, engineering, mathematics and medicine (STEMM) at the following institutions within the Oklahoma State System of Higher Education:

1. University of Oklahoma;

2. Oklahoma State University; and

3. Regional University System of Oklahoma.

The trust fund principal shall consist of all funds generated through the issuance of obligations authorized by Enrolled Senate Joint Resolution No. 14 of the 1st Session of the 55th Oklahoma Legislature and any other monies that may be appropriated or otherwise directed to the trust fund by the Legislature.

B. There is hereby created the Board of Investors of the STEMM Trust Fund. The Board of Investors of the STEMM Trust Fund shall:

1. Manage the assets of the STEMM Fund;

2. Invest the STEMM Fund monies exercising the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but with regard to the permanent disposition of their funds, considering the probable

safety of their capital as well as the probable income to be derived; and

3. Certify, on or before September 1 of each year, the amount of funds available for expenditure each year from the STEMM Fund, which shall be limited to the earnings from the trust fund, including but not limited to interest, dividends, and realized capital gains from investments of the trust fund for the previous fiscal year ending June 30.

C. The Board of Investors of the STEMM Trust Fund shall be composed of five (5) members as follows:

1. The State Treasurer, or a designee, who shall serve as chair;

2. An appointee of the Governor;

3. An appointee of the State Auditor and Inspector;

4. An appointee of the Speaker of the House of Representatives; and

5. An appointee of the President Pro Tempore of the Senate.

Each appointed member of the Board of Investors of the STEMM Trust Fund shall have demonstrated experience in public or private investment fund management.

D. The initially appointed members shall serve staggered terms as follows:

1. The term of the appointee of the Governor shall expire on June 30, 2016;

2. The term of the appointee of the State Auditor and Inspector shall expire on June 30, 2017;

3. The term of the appointee of the Speaker of the House of Representatives shall end on June 30, 2018; and

4. The term of the appointee of the President Pro Tempore of the Senate shall expire on June 30, 2019.

Thereafter, successors shall be appointed for terms of four (4) years. An appointee may be removed for cause.

E. Members of the Board of Investors of the STEMM Trust Fund shall receive no salary for serving on the Board of Investors of the STEMM Trust Fund. All members shall receive necessary travel expenses for the performance of their duties from the Office of the Governor in accordance with the provisions of the State Travel Reimbursement Act.

F. The Board of Investors of the STEMM Trust Fund shall annually elect a vice chair, who shall preside over meetings in the absence of the chair, and any other officers, provided that no member shall be elected vice chair for more than two (2) consecutive years. The Board of Investors of the STEMM Trust Fund shall meet at least quarterly. Three (3) members of the Board of Investors of the STEMM Trust Fund shall constitute a quorum to transact business, but no vacancy shall impair the right of the remaining members to exercise all of the powers of the Board of Investors of the STEMM Trust Fund.

G. The Board of Investors of the STEMM Trust Fund shall be subject to the Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the Administrative Procedures Act.

H. Staffing for the Board of Investors of the STEMM Trust Fund shall be provided by the Office of the State Treasurer.

I. The Board of Investors of the STEMM Trust Fund shall submit a report of the STEMM Trust Fund's investments and asset value annually to the Governor, the State Treasurer, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

J. On or before September 30 of each year, the State Treasurer shall transfer the amount certified by the Board of Investors for the STEMM Trust Fund available for expenditure each year from the STEMM Fund in the following manner:

1. Forty Percent (40%) to the Board of Regents of the University of Oklahoma;

2. Forty Percent (40%) to the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges; and

3. Twenty Percent (20%) to the Regional University System of Oklahoma.

K. Earnings from the STEMM Trust Fund shall be expended for the following purposes:

1. Research and faculty positions and endowed chairs in science, technology, engineering, mathematics and medicine;

2. Tuition assistance for students studying the fields related to science, technology, engineering, mathematics and medicine at institutions receiving funds pursuant to subsection J of this section; and

3. Research foundations that are associated with institutions receiving funds pursuant to subsection J of this section.

L. Each fiscal year, the Board of Regents of the University of Oklahoma, the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges and the Regional University System of Oklahoma shall submit a report to the President Pro Tempore of the Senate, Speaker of the House of Representatives and the Governor on expenditures made from the STEMM Trust Fund.

M. The monies transferred to the Board of Regents of the University of Oklahoma, the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges and the Regional University System of Oklahoma pursuant to subsection J of this section shall not be used to supplant or replace existing state funds used for the support of institutions within the Oklahoma State System of Higher Education.

N. In order to ensure that the funds transferred pursuant to subsection J of this section are used to enhance and not supplant state funding for the support of institutions within the Oklahoma State System of Higher Education, the State Board of Equalization shall examine and investigate legislative appropriations made for

the support of institutions within the Oklahoma State System of Higher Education each year. At the meeting of the State Board of Equalization held in February of each year, the State Board of Equalization shall issue a finding and report which shall state whether funds transferred pursuant to subsection J of this section were used to enhance or supplant legislative appropriations made for the support of institutions within the Oklahoma State System of Higher Education. If the State Board of Equalization finds that legislative appropriations made for the support of institutions within the Oklahoma State System of Higher Education were supplanted by funds transferred pursuant to subsection J of this section, the Board shall specify the amount by which such funding was supplanted. In this event, the Legislature shall make an appropriation for the ensuing fiscal year in the amount by which such funding was supplanted.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 57.317 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a special fund to be known and designated as the "Oklahoma Building Bonds Higher Education Sinking Fund", which is hereby irrevocably pledged to the payment of the interest on and the principal of the obligations issued pursuant to Enrolled Senate Joint Resolution No. 14 of the 1st Session of the 55th Oklahoma Legislature. The monies to the

credit thereof shall be paid out only in the manner and at the time and places provided for in the resolution or indenture of the Commission authorizing the issuance of such obligations.

B. Upon receiving the monthly transmittal of the state sales tax revenue collected pursuant to Section 1350 et seq. of Title 68 of the Oklahoma Statutes, it shall be the duty of the State Treasurer to set aside, from revenues that would otherwise be apportioned to the General Revenue Fund, an amount equal to one-twelfth (1/12) of the principal payment and one-sixth (1/6) of the interest payment on the obligations issued pursuant to Senate Joint Resolution No. 14 of the 1st Session of the 55th Oklahoma Legislature. The State Treasurer shall deposit such monies into the Oklahoma Building Bonds Higher Education Sinking Fund for debt service payments.

SECTION 3. AMENDATORY 62 O.S. 2011, Section 57.303, as last amended by Section 435, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2014, Section 57.303), is amended to read as follows:

Section 57.303. A. The Commission acting for and on behalf of the State of Oklahoma shall be the agency by and through which the State of Oklahoma shall incur indebtedness in the sum of Three Hundred Fifty Million Dollars ($350,000,000.00) as principal for the purpose of restoring and modernizing the state's infrastructure, for constructing new buildings and other capital improvements, and for equipping, remodeling, modernizing and repairing any and all

existing buildings and capital improvements, and purchase of land, equipment and furnishings necessary for such new construction or remodeling, including any costs associated with the issuance of the indebtedness, as follows:

1. Oklahoma State Regents for Higher Education for expenditure as follows:

a.	University of Oklahoma - Norman Campus	$22,731,000.00
b.	University of Oklahoma - Health Sciences Center	$22,400,000.00
c.	Oklahoma State University – Stillwater Campus	$22,328,000.00
d.	Oklahoma State University – Agriculture Experiment Station	$4,000,000.00
e.	Oklahoma State University – Veterinary Medicine	$5,075,000.00
f.	Oklahoma State University – Technical Branch - Okmulgee	$4,118,000.00
g.	Oklahoma State University – Technical Branch - Oklahoma City	$3,868,000.00
h.	Oklahoma State University - College of Osteopathic Medicine	$3,750,400.00
i.	University of Central Oklahoma	$7,765,106.00
j.	East Central University	$5,869,000.00
k.	Northeastern State University	$8,813,400.00

l.	Northwestern Oklahoma State University	$2,860,000.00
m.	Southeastern Oklahoma State University	$5,586,900.00
n.	Southwestern Oklahoma State University - Weatherford Campus	$6,297,500.00
o.	Southwestern Oklahoma State University - Sayre Campus	$300,000.00
p.	Cameron University	$10,200,000.00
q.	Langston University	$2,842,500.00
r.	Oklahoma Panhandle State University	$2,016,500.00
s.	University of Science and Arts of Oklahoma	$3,104,376.00
t.	University Center at Tulsa	$15,000,000.00
u.	Carl Albert State College	$3,021,000.00
v.	Connors State College	$2,055,100.00
w.	Eastern Oklahoma State College	$2,007,600.00
x.	Murray State College	$2,045,000.00
y.	Northeastern Oklahoma Agricultural and Mechanical College	$2,410,400.00
z.	Northern Oklahoma College	$1,206,500.00
aa.	Oklahoma City Community College	$6,152,100.00
bb.	Redlands Community College	$2,003,900.00
cc.	Rogers State College	$5,035,100.00
dd.	Rose State College	$6,158,600.00
ee.	Seminole Junior College	$2,125,924.00

ff.	Tulsa Junior College	$22,333,800.00
gg.	Western Oklahoma State College	$2,500,000.00
hh.	Enid Higher Education Program	$619,123.00
ii.	Enid Higher Education Program – this allocation is contingent upon a $2,200,000.00 match by the local community	$1,980,877.00
jj.	University Center of Southern Oklahoma	$619,123.00
kk.	Muskogee Higher Education Program	$619,123.00
ll.	Idabel Higher Education Program	$619,123.00
mm.	Tulsa Medical Center debt retirement	$6,600,000.00
nn.	Food Processing Research Center – Stillwater	$14,000,000.00
oo.	Natural History Museum - Norman	$15,000,000.00

2. Oklahoma Department of Career and Technology Education for expenditure as follows:

a.	Instructional equipment for technology center schools, including inmate training facilities	$2,300,000.00
b.	Mid-Del Technology Center	$200,000.00
c.	Okmulgee County Technology Center	$3,200,000.00
d.	Southwest Technology Center	$1,500,000.00
e.	Wes Watkins Technology Center	$1,000,000.00

f. Western Oklahoma Technology Center $2,000,000.00

3. Oklahoma Water Resources Board $5,700,000.00

4. Oklahoma Tourism and Recreation Department for the following purposes: roads, park improvements, sewage treatment, facility rehab, equipment, trails, park visitor centers, welcome centers, Will Rogers Museum and other museums, Oklahoma Jazz Hall of Fame and Quartz Mountain Arts and Conference Center $18,000,000.00

5. Oklahoma Historical Society $1,700,000.00

6. Department of Human Services $5,300,000.00

7. Department of Corrections for the following purposes: drug offender work camps and meat processing facility at Jackie Brannon $6,500,000.00

8. State Department of Health $7,500,000.00

9. State Department of Agriculture for purposes of dry fire hydrants and rural fire equipment $1,000,000.00

10. Office of Management and Enterprise Services $4,300,000.00

11. Oklahoma Military Department $800,000.00

12. Oklahoma School of Science and Mathematics. Said amount shall not be used for purposes of subsection D of Section 168.3 of Title 73 of the Oklahoma Statutes $4,500,000.00

13. Office of Management and Enterprise Services for expenditure for telecommunications as recommended by the State Data Processing and Telecommunications Advisory Committee $14,000,000.00

14. Oklahoma Department of Libraries for expenditure for matching grant program for handicapped access $500,000.00

15. Oklahoma Department of Veterans Affairs for the following purposes: New facility at Norman, computer programming-mapper system, and improvements at the facilities at Ardmore, Sulphur, Talihina, Clinton, Claremore and Okmulgee $16,432,500.00

16. Department of Mental Health and Substance Abuse Services $6,400,000.00

If the full amount of funding for any project specified in this subsection is not necessary for provision of such project, any remaining available funds shall be allocated by the Commission to

the full funding of other projects listed in this subsection or to the Oklahoma Building Bonds of 1992 Fund for appropriation by the Legislature for other capital projects.

B. The Commission, acting for and on behalf of the State of Oklahoma, shall issue, sell and deliver as hereinafter provided "Oklahoma Building Bonds of 1992" in a total principal amount of Three Hundred Fifty Million Dollars ($350,000,000.00). It is hereby expressly provided and pledged for the benefit of the purchasers, owners and holders of said bonds that the tax on each package of cigarettes levied by Section 302 of Title 68 of the Oklahoma Statutes, constituting the remainder of revenue available from the revenues lawfully levied and collected by the State of Oklahoma on the sale of cigarettes not already committed to other obligations of the State of Oklahoma, and the tax levy on cigarettes pursuant to Sections 302-2 and 302-4 of Title 68 of the Oklahoma Statutes, or so much as may be necessary, shall be devoted irrevocably to the payment and discharge of the interest on, and the principal of, the bonds issued hereunder as the same become due, and to create an adequate reserve to assure such payments when due; and said revenues shall be, and hereby are, irrevocably pledged for such purposes.

C. The Commission shall perform other duties as directed by the Legislature.

SECTION 4. This act shall become effective upon certification of election returns favoring passage of the Constitutional Amendment

proposed in Enrolled Senate Joint Resolution No. 14 of the 1st Session of the 55th Oklahoma Legislature.

55-1-24 EB 2/18/2016 7:06:14 PM