

1 ENGROSSED HOUSE  
2 BILL NO. 2642

By: Denney, Coody, Condit,  
Henke, Sherrer, Hoskin,  
Nollan and Cannaday of the  
House

4 and

5 Halligan and Fields of the  
6 Senate

7  
8  
9 [ schools - distribution of revenues - creating the  
10 Securing Educational Excellence Fund - effective  
11 date -

12 emergency ]  
13  
14

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2352, as  
17 last amended by Section 1, Chapter 253, O.S.L. 2013 (68 O.S. Supp.  
18 2013, Section 2352), is amended to read as follows:

19 Section 2352. It is hereby declared to be the purpose of  
20 Section 2351 et seq. of this title to provide revenue for general  
21 governmental functions of state government; and, for that purpose  
22 and to that end, it is expressly declared that the revenue derived  
23 herefrom and penalties and interest thereon, subject to the  
24 apportionment requirements for the Rebuilding Oklahoma Access and

1 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail  
2 Revolving Fund and the Public Transit Revolving Fund to be derived  
3 from income tax revenue that would otherwise be apportioned to the  
4 General Revenue Fund as provided by Section 1521 of Title 69 of the  
5 Oklahoma Statutes, subject to the apportionment requirements for the  
6 Oklahoma Tax Commission and Office of Management and Enterprise  
7 Services Joint Computer Enhancement Fund provided by Section 265 of  
8 this title, ~~and~~ subject to the apportionment requirements for the  
9 Oklahoma State Capitol Building Repair and Restoration Fund provided  
10 by Section 4 19 of ~~this act~~ Title 73 of the Oklahoma Statutes and  
11 subject to the apportionment requirements for the Securing  
12 Educational Excellence Fund provided by Section 2 of this act, shall  
13 be distributed as follows:

14 1. For the fiscal year beginning July 1, 2002, the first Five  
15 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue  
16 derived pursuant to the provisions of subsections A, B and E of  
17 Section 2355 of this title shall be apportioned to the Education  
18 Reform Revolving Fund. The remainder of such revenue for the fiscal  
19 year beginning July 1, 2002, and all such revenue for each fiscal  
20 year thereafter shall be apportioned monthly as follows:

- 21 a. (1) the following amounts shall be paid to the State  
22 Treasurer to be placed to the credit of the  
23 General Revenue Fund of the state for such fiscal  
24 year for the support of the state government to

1 be paid out only pursuant to appropriation by the  
2 Legislature:

3 Fiscal Year	Amount
4 FY 2003 and FY 2004	87.12%
5 FY 2005	86.91%
6 FY 2006	86.66%
7 FY 2007	86.16%
8 FY 2008 and each fiscal	
9 year thereafter	85.66%

10 (2) in the event that additional monies are necessary  
11 pursuant to paragraph 3 of this section, such  
12 additional monies shall be deducted in the  
13 proportion determined by the State Board of  
14 Equalization pursuant to paragraph 3 of Section  
15 2355.1B of this title from the monies apportioned  
16 to the General Revenue Fund,

17 b. for FY 2003 and each fiscal year thereafter, eight and  
18 thirty-four one-hundredths percent (8.34%) shall be  
19 paid to the State Treasurer to be placed to the credit  
20 of the Education Reform Revolving Fund,

21 c. the following amounts shall be paid to the State  
22 Treasurer to be placed to the credit of the Teachers'  
23 Retirement System Dedicated Revenue Revolving Fund:

24 Fiscal Year	Amount
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FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal	
year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

2. Beginning July 1, 2003, for any period of time as certified by the Oklahoma Development Finance Authority and the Oklahoma Department of Commerce to be necessary for the repayment of obligations issued by the Oklahoma Development Finance Authority pursuant to Section 3654 of this title if the other sources of revenue paid to or apportioned to the Quality Jobs Program Incentive Leverage Fund are not adequate, including the proceeds from payment pursuant to the guaranty required by subsection M of Section 3654 of this title, an amount certified by the Oklahoma Development Finance Authority to the Oklahoma Tax Commission shall be apportioned to the Quality Jobs Program Incentive Leverage Fund before any other apportionments are made as otherwise authorized by this paragraph. The Oklahoma Development Finance Authority shall certify to the Oklahoma Tax Commission the time as of which the revenue authorized for apportionment pursuant to this paragraph is no longer required.

1 After the certification, the revenue derived from the income tax  
2 shall be apportioned in the manner otherwise provided by this  
3 section. Except as otherwise provided by this paragraph, for the  
4 fiscal year beginning July 1, 2002, the first Forty-One Million One  
5 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of  
6 revenue derived pursuant to the provisions of subsections D and E of  
7 Section 2355 of this title shall be apportioned to the Education  
8 Reform Revolving Fund. The remainder of such revenue for the fiscal  
9 year beginning July 1, 2002, and all such revenue for each fiscal  
10 year thereafter, subject to the apportionment requirements for the  
11 Oklahoma Tax Commission and Office of Management and Enterprise  
12 Services Joint Computer Enhancement Fund provided by Section 265 of  
13 this title, shall be apportioned monthly as follows:

14 a. the following amounts shall be paid to the State  
15 Treasurer to be placed to the credit of the General  
16 Revenue Fund of the state for such fiscal year for the  
17 support of the state government to be paid out only  
18 pursuant to appropriation by the Legislature:

19	Fiscal Year	Amount
20	FY 2003 and FY 2004	78.96%
21	FY 2005	78.75%
22	FY 2006	78.50%
23	FY 2007	78.0%

24

1 FY 2008 and each fiscal

2 year thereafter 77.50%

3 b. for FY 2003 and each fiscal year thereafter, sixteen  
4 and five-tenths percent (16.5%) shall be paid to the  
5 State Treasurer to be placed to the credit of the  
6 Education Reform Revolving Fund of the State  
7 Department of Education,

8 c. the following amounts shall be paid to the State  
9 Treasurer to be placed to the credit of the Teachers'  
10 Retirement System Dedicated Revenue Revolving Fund:

11 Fiscal Year	Amount
12 FY 2003 and FY 2004	3.54%
13 FY 2005	3.75%
14 FY 2006	4.0%
15 FY 2007	4.5%
16 FY 2008 and each fiscal	
17 year thereafter	5.0%

18 d. for FY 2003 and each fiscal year thereafter, one  
19 percent (1%) shall be placed to the credit of the Ad  
20 Valorem Reimbursement Fund; and

21 3. During the first fiscal year after the State Board of  
22 Equalization has made a determination as provided in Section 2355.1B  
23 of this title, regarding a baseline amount of revenue apportioned  
24 pursuant to subparagraph c of paragraph 1 of this section, and for

1 each fiscal year thereafter, in no event shall monies apportioned  
2 pursuant to subparagraph c of paragraph 1 of this section, paragraph  
3 3 of Section 1353 of this title and paragraph 3 of Section 1403 of  
4 this title be less than such baseline amount.

5 SECTION 2. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 18-501 of Title 70, unless there  
7 is created a duplication in numbering, reads as follows:

8 A. There is hereby created in the State Treasury a fund for the  
9 State Board of Education to be designated the "Securing Educational  
10 Excellence Fund". The fund shall be a continuing fund, not subject  
11 to fiscal year limitations, and shall consist of all monies received  
12 by the State Board of Education from appropriations and transfers  
13 made by the Legislature to the fund. All monies accruing to the  
14 credit of said fund are hereby appropriated and may be budgeted and  
15 expended by the State Board of Education for the purpose set forth  
16 in subsection G of this section. Expenditures from said fund shall  
17 be made upon warrants issued by the State Treasurer against claims  
18 filed as prescribed by law with the Director of the Office of  
19 Management and Enterprise Services for approval and payment.

20 B. There shall be apportioned to the Securing Educational  
21 Excellence Fund from the monies that would otherwise be apportioned  
22 to the General Revenue Fund by Section 2352 of Title 68 of the  
23 Oklahoma Statutes from the revenues derived pursuant to subsections  
24

1 A, B and E of Section 2355 of Title 68 of the Oklahoma Statutes  
2 amounts as follows:

3 1. The first fiscal year after the effective date of this act  
4 that the State Board of Equalization determines that any increase  
5 between the final itemized estimate of General Revenue Fund revenues  
6 made by the State Board at the February meeting preceding the  
7 beginning of the fiscal year for which that estimate is made, which  
8 is the same fiscal year during which the apportionment to the  
9 Securing Educational Excellence Fund is to be made, and the then  
10 current itemized estimate of General Revenue Fund revenues made by  
11 the State Board of Equalization for the fiscal year ending on June  
12 30 immediately following such February meeting is one percent (1%)  
13 or greater, the first Fifty-seven Million Five Hundred Thousand  
14 Dollars (\$57,500,000.00) collected shall be apportioned to the  
15 Securing Educational Excellence Fund;

16 2. The next fiscal year, after the fiscal year in which an  
17 apportionment is made to the Securing Educational Excellence Fund as  
18 provided for in paragraph 1 of this subsection, that the State Board  
19 of Equalization determines that any increase between the final  
20 itemized estimate of General Revenue Fund revenues made by the State  
21 Board at the February meeting preceding the beginning of the fiscal  
22 year for which that estimate is made, which is the same fiscal year  
23 during which the apportionment to the Securing Educational  
24 Excellence Fund is to be made, and the then current itemized



1 estimate of General Revenue Fund revenues made by the State Board of  
2 Equalization for the fiscal year ending on June 30 immediately  
3 following such February meeting is one percent (1%) or greater, the  
4 first One Hundred Fifteen Million Dollars (\$115,000,000.00)  
5 collected shall be apportioned to the Securing Educational  
6 Excellence Fund;

7 3. The next fiscal year, after the fiscal year in which an  
8 apportionment is made to the Securing Educational Excellence Fund as  
9 provided for in paragraph 2 of this subsection, that the State Board  
10 of Equalization determines that any increase between the final  
11 itemized estimate of General Revenue Fund revenues made by the State  
12 Board at the February meeting preceding the beginning of the fiscal  
13 year for which that estimate is made, which is the same fiscal year  
14 during which the apportionment to the Securing Educational  
15 Excellence Fund is to be made, and the then current itemized  
16 estimate of General Revenue Fund revenues made by the State Board of  
17 Equalization for the fiscal year ending on June 30 immediately  
18 following such February meeting is one percent (1%) or greater, the  
19 first One Hundred Seventy-two Million Five Hundred Thousand Dollars  
20 (\$172,500,000.00) collected shall be apportioned to the Securing  
21 Educational Excellence Fund;

22 4. The next fiscal year, after the fiscal year in which an  
23 apportionment is made to the Securing Educational Excellence Fund as  
24 provided for in paragraph 3 of this subsection, that the State Board

1 of Equalization determines that any increase between the final  
2 itemized estimate of General Revenue Fund revenues made by the State  
3 Board at the February meeting preceding the beginning of the fiscal  
4 year for which that estimate is made, which is the same fiscal year  
5 during which the apportionment to the Securing Educational  
6 Excellence Fund is to be made, and the then current itemized  
7 estimate of General Revenue Fund revenues made by the State Board of  
8 Equalization for the fiscal year ending on June 30 immediately  
9 following such February meeting is one percent (1%) or greater, the  
10 first Two Hundred Thirty Million Dollars (\$230,000,000.00) collected  
11 shall be apportioned to the Securing Educational Excellence Fund;

12 5. The next fiscal year, after the fiscal year in which an  
13 apportionment is made to the Securing Educational Excellence Fund as  
14 provided for in paragraph 4 of this subsection, that the State Board  
15 of Equalization determines that any increase between the final  
16 itemized estimate of General Revenue Fund revenues made by the State  
17 Board at the February meeting preceding the beginning of the fiscal  
18 year for which that estimate is made, which is the same fiscal year  
19 during which the apportionment to the Securing Educational  
20 Excellence Fund is to be made, and the then current itemized  
21 estimate of General Revenue Fund revenues made by the State Board of  
22 Equalization for the fiscal year ending on June 30 immediately  
23 following such February meeting is one percent (1%) or greater, the  
24 first Two Hundred Eighty-seven Million Five Hundred Thousand Dollars

1 (\$287,500,000.00) collected shall be apportioned to the Securing  
2 Educational Excellence Fund;

3 6. The next fiscal year, after the fiscal year in which an  
4 apportionment is made to the Securing Educational Excellence Fund as  
5 provided for in paragraph 5 of this subsection, that the State Board  
6 of Equalization determines that any increase between the final  
7 itemized estimate of General Revenue Fund revenues made by the State  
8 Board at the February meeting preceding the beginning of the fiscal  
9 year for which that estimate is made, which is the same fiscal year  
10 during which the apportionment to the Securing Educational  
11 Excellence Fund is to be made, and the then current itemized  
12 estimate of General Revenue Fund revenues made by the State Board of  
13 Equalization for the fiscal year ending on June 30 immediately  
14 following such February meeting is one percent (1%) or greater, the  
15 first Three Hundred Forty-five Million Dollars (\$345,000,000.00)  
16 collected shall be apportioned to the Securing Educational  
17 Excellence Fund;

18 7. The next fiscal year, after the fiscal year in which an  
19 apportionment is made to the Securing Educational Excellence Fund as  
20 provided for in paragraph 6 of this subsection, that the State Board  
21 of Equalization determines that any increase between the final  
22 itemized estimate of General Revenue Fund revenues made by the State  
23 Board at the February meeting preceding the beginning of the fiscal  
24 year for which that estimate is made, which is the same fiscal year

1 during which the apportionment to the Securing Educational  
2 Excellence Fund is to be made, and the then current itemized  
3 estimate of General Revenue Fund revenues made by the State Board of  
4 Equalization for the fiscal year ending on June 30 immediately  
5 following such February meeting is one percent (1%) or greater, the  
6 first Four Hundred Two Million Five Hundred Thousand Dollars  
7 (\$402,500,000.00) collected shall be apportioned to the Securing  
8 Educational Excellence Fund;

9 8. The next fiscal year, after the fiscal year in which an  
10 apportionment is made to the Securing Educational Excellence Fund as  
11 provided for in paragraph 7 of this subsection, that the State Board  
12 of Equalization determines that any increase between the final  
13 itemized estimate of General Revenue Fund revenues made by the State  
14 Board at the February meeting preceding the beginning of the fiscal  
15 year for which that estimate is made, which is the same fiscal year  
16 during which the apportionment to the Securing Educational  
17 Excellence Fund is to be made, and the then current itemized  
18 estimate of General Revenue Fund revenues made by the State Board of  
19 Equalization for the fiscal year ending on June 30 immediately  
20 following such February meeting is one percent (1%) or greater, the  
21 first Four Hundred Sixty Million Dollars (\$460,000,000.00) collected  
22 shall be apportioned to the Securing Educational Excellence Fund;

23 9. The next fiscal year, after the fiscal year in which an  
24 apportionment is made to the Securing Educational Excellence Fund as

1 provided for in paragraph 8 of this subsection, that the State Board  
2 of Equalization determines that any increase between the final  
3 itemized estimate of General Revenue Fund revenues made by the State  
4 Board at the February meeting preceding the beginning of the fiscal  
5 year for which that estimate is made, which is the same fiscal year  
6 during which the apportionment to the Securing Educational  
7 Excellence Fund is to be made, and the then current itemized  
8 estimate of General Revenue Fund revenues made by the State Board of  
9 Equalization for the fiscal year ending on June 30 immediately  
10 following such February meeting is one percent (1%) or greater, the  
11 first Five Hundred Seventeen Million Five Hundred Thousand Dollars  
12 (\$517,500,000.00) collected shall be apportioned to the Securing  
13 Educational Excellence Fund; and

14 10. The next fiscal year, after the fiscal year in which an  
15 apportionment is made to the Securing Educational Excellence Fund as  
16 provided for in paragraph 9 of this subsection, that the State Board  
17 of Equalization determines that any increase between the final  
18 itemized estimate of General Revenue Fund revenues made by the State  
19 Board at the February meeting preceding the beginning of the fiscal  
20 year for which that estimate is made, which is the same fiscal year  
21 during which the apportionment to the Securing Educational  
22 Excellence Fund is to be made, and the then current itemized  
23 estimate of General Revenue Fund revenues made by the State Board of  
24 Equalization for the fiscal year ending on June 30 immediately

1 following such February meeting is one percent (1%) or greater, the  
2 first Five Hundred Seventy-five Million Dollars (\$575,000,000.00)  
3 collected shall be apportioned to the Securing Educational  
4 Excellence Fund.

5 C. For each fiscal year after the first fiscal year in which  
6 the total apportionment to the Securing Educational Excellence Fund  
7 equals Five Hundred Seventy-five Million Dollars (\$575,000,000.00)  
8 as provided for in subsection B of this section, the first Five  
9 Hundred Seventy-five Million Dollars (\$575,000,000.00) collected  
10 pursuant to subsections A, B and E of Section 2355 of Title 68 of  
11 the Oklahoma Statutes and apportioned pursuant to Section 2352 of  
12 Title 68 of the Oklahoma Statutes that would otherwise be  
13 apportioned to the General Revenue Fund shall be apportioned to the  
14 Securing Educational Excellence Fund.

15 D. All amounts apportioned pursuant to subsections B and C  
16 shall be divided into twelve equal amounts to be apportioned each  
17 month during the fiscal year.

18 E. The apportionments of revenues required in subsection B of  
19 this section shall be made until the total apportionment to the  
20 Securing Educational Excellence Fund equals Five Hundred Seventy-  
21 five Million Dollars (\$575,000,000.00). After such apportionment  
22 level is reached, the annual apportionment to the Securing  
23 Educational Excellence Fund shall be governed by the provisions of  
24 subsection C of this section.

1 F. The monies apportioned to the Securing Educational  
2 Excellence Fund shall not be used to supplant or replace existing  
3 state funds used for common education purposes.

4 G. In order to ensure that the monies from the Securing  
5 Educational Excellence Fund are used to enhance and not supplant  
6 state funding for the State Board of Education, the State Board of  
7 Equalization shall examine and investigate expenditures from the  
8 fund each year. At the meeting of the State Board of Equalization  
9 held within five (5) days after the monthly apportionment in  
10 February of each year, the State Board of Equalization shall issue a  
11 finding and report which shall state whether expenditures from the  
12 Securing Educational Excellence Fund were used to enhance or  
13 supplant state funding for the Department of Education. If the  
14 State Board of Equalization finds that state funding for the State  
15 Board of Education was supplanted by funds from the Securing  
16 Educational Excellence Fund, the Board of Equalization shall specify  
17 the amount by which such funding was supplanted. In this event, the  
18 Legislature shall not make any appropriations for the ensuing fiscal  
19 year until an appropriation in that amount is made to replenish  
20 state funding for the State Board of Education.

21 H. In the event that the Director of the Office of Management  
22 and Enterprise Services declares a General Revenue Fund revenue  
23 failure pursuant to Section 34.49 of Title 62 of the Oklahoma  
24 Statutes, and agency allocations are reduced pursuant to the

1 provisions of Section 34.49 of Title 62 of the Oklahoma Statutes,  
2 the amounts that would otherwise be apportioned to the Securing  
3 Educational Excellence Fund by subsection B or C of this section  
4 shall be reduced by a percentage equal to that required of the  
5 General Revenue Fund appropriations to state agencies. The  
6 reductions shall occur during the entire fiscal year and for any  
7 month during which reductions are required by the Director of the  
8 Office of Management and Enterprise Services and by the same  
9 percentage as that required of the agencies for General Revenue Fund  
10 appropriations.

11 I. The State Board of Education shall use the monies in the  
12 Securing Educational Excellence Fund to increase the per-pupil  
13 expenditure by distributing the funds through the State Aid formula  
14 for the financial support of public schools.

15 SECTION 3. This act shall become effective July 1, 2014.

16 SECTION 4. It being immediately necessary for the preservation  
17 of the public peace, health and safety, an emergency is hereby  
18 declared to exist, by reason whereof this act shall take effect and  
19 be in full force from and after its passage and approval.  
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1 Passed the House of Representatives the 12th day of March, 2014.

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3 \_\_\_\_\_  
4 Presiding Officer of the House  
of Representatives

5 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2014.

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8 \_\_\_\_\_  
Presiding Officer of the Senate