

# SENATE CHAMBER

STATE OF OKLAHOMA

DISPOSITION BY SENATE

## FLOOR AMENDMENT

No. \_\_\_\_\_

\_\_\_\_\_  
(Date)

Mr./Madame President:

I move to amend House Bill No. 2642, by striking the title, enacting clause and entire body of the bill and substituting the attached floor substitute.

Submitted by:

\_\_\_\_\_  
Senator Paddack

Paddack-EB-FS-Req#3628  
4/8/2014 2:33 PM

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

FLOOR SUBSTITUTE

FOR ENGROSSED

HOUSE BILL NO. 2642

By: Denney, Coody, Condit,  
Henke, Sherrer, Hoskin,  
Nollan, Cannady, Cockroft,  
Ownbey and Pittman of the  
House

and

Halligan, Fields, Ford,  
Mazzei, Paddack, Ivester,  
Crain and Brinkley of the  
Senate

FLOOR SUBSTITUTE

[ schools - distribution of revenues - creating the  
Securing Educational Excellence Fund - codification -  
effective date -

emergency ]

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

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

Section 2352. It is hereby declared to be the purpose of  
~~Section 2351 et seq. of this title~~ the Oklahoma Income Tax Act to  
provide revenue for general governmental functions of state  
government; and, for that purpose and to that end, it is expressly

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

17 1. For the fiscal year beginning July 1, 2002, the first Five  
18 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue  
19 derived pursuant to the provisions of subsections A, B and E of  
20 Section 2355 of this title shall be apportioned to the Education  
21 Reform Revolving Fund. The remainder of such revenue for the fiscal  
22 year beginning July 1, 2002, and all such revenue for each fiscal  
23 year thereafter shall be apportioned monthly as follows:  
24

a. (1) the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

| Fiscal Year                             | Amount |
|---|--------|
| FY 2003 and FY 2004                     | 87.12% |
| FY 2005                                 | 86.91% |
| FY 2006                                 | 86.66% |
| FY 2007                                 | 86.16% |
| FY 2008 and each fiscal year thereafter | 85.66% |

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

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

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

| Fiscal Year                             | Amount |
|---|--------|
| 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

1 apportionments are made as otherwise authorized by this paragraph.  
2 The Oklahoma Development Finance Authority shall certify to the  
3 Oklahoma Tax Commission the time as of which the revenue authorized  
4 for apportionment pursuant to this paragraph is no longer required.  
5 After the certification, the revenue derived from the income tax  
6 shall be apportioned in the manner otherwise provided by this  
7 section. Except as otherwise provided by this paragraph, for the  
8 fiscal year beginning July 1, 2002, the first Forty-One Million One  
9 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of  
10 revenue derived pursuant to the provisions of subsections D and E of  
11 Section 2355 of this title shall be apportioned to the Education  
12 Reform Revolving Fund. The remainder of such revenue for the fiscal  
13 year beginning July 1, 2002, and all such revenue for each fiscal  
14 year thereafter, subject to the apportionment requirements for the  
15 Oklahoma Tax Commission and Office of Management and Enterprise  
16 Services Joint Computer Enhancement Fund provided by Section 265 of  
17 this title, shall be apportioned monthly as follows:

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

|    |                     |        |
|----|---------------------|--------|
| 23 | Fiscal Year         | Amount |
| 24 | FY 2003 and FY 2004 | 78.96% |

|   |                         |        |
|---|-------------------------|--------|
| 1 | FY 2005                 | 78.75% |
| 2 | FY 2006                 | 78.50% |
| 3 | FY 2007                 | 78.0%  |
| 4 | FY 2008 and each fiscal |        |
| 5 | year thereafter         | 77.50% |

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

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

|    |                         |        |
|----|-------------------------|--------|
| 14 | Fiscal Year             | Amount |
| 15 | FY 2003 and FY 2004     | 3.54%  |
| 16 | FY 2005                 | 3.75%  |
| 17 | FY 2006                 | 4.0%   |
| 18 | FY 2007                 | 4.5%   |
| 19 | FY 2008 and each fiscal |        |
| 20 | 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; and

1        3. During the first fiscal year after the State Board of  
2 Equalization has made a determination as provided in Section 2355.1B  
3 of this title, regarding a baseline amount of revenue apportioned  
4 pursuant to subparagraph c of paragraph 1 of this section, and for  
5 each fiscal year thereafter, in no event shall monies apportioned  
6 pursuant to subparagraph c of paragraph 1 of this section, paragraph  
7 3 of Section 1353 of this title and paragraph 3 of Section 1403 of  
8 this title be less than such baseline amount.

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

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



1       B. There shall be apportioned to the Securing Educational  
2 Excellence Fund from the monies that would otherwise be apportioned  
3 to the General Revenue Fund by Section 2352 of Title 68 of the  
4 Oklahoma Statutes from the revenues derived pursuant to subsections  
5 A, B and E of Section 2355 of Title 68 of the Oklahoma Statutes  
6 amounts as follows:

7       1. The first fiscal year after the effective date of this act  
8 that the State Board of Equalization determines that any increase  
9 between the final itemized estimate of General Revenue Fund revenues  
10 made by the State Board at the February meeting preceding the  
11 beginning of the fiscal year for which that estimate is made, which  
12 is the same fiscal year during which the apportionment to the  
13 Securing Educational Excellence Fund is to be made, and the then  
14 current itemized estimate of General Revenue Fund revenues made by  
15 the State Board of Equalization for the fiscal year ending on June  
16 30 immediately following such February meeting is one percent (1%)  
17 or greater, the first Fifty-seven Million Five Hundred Thousand  
18 Dollars (\$57,500,000.00) collected shall be apportioned to the  
19 Securing Educational Excellence Fund;

20       2. The next fiscal year, after the fiscal year in which an  
21 apportionment is made to the Securing Educational Excellence Fund as  
22 provided for in paragraph 1 of this subsection, that the State Board  
23 of Equalization determines that any increase between the final  
24 itemized estimate of General Revenue Fund revenues made by the State

1 Board at the February meeting preceding the beginning of the fiscal  
2 year for which that estimate is made, which is the same fiscal year  
3 during which the apportionment to the Securing Educational  
4 Excellence Fund is to be made, and the then current itemized  
5 estimate of General Revenue Fund revenues made by the State Board of  
6 Equalization for the fiscal year ending on June 30 immediately  
7 following such February meeting is one percent (1%) or greater, the  
8 first One Hundred Fifteen Million Dollars (\$115,000,000.00)  
9 collected shall be apportioned to the Securing Educational  
10 Excellence Fund;

11 3. The next fiscal year, after the fiscal year in which an  
12 apportionment is made to the Securing Educational Excellence Fund as  
13 provided for in paragraph 2 of this subsection, that the State Board  
14 of Equalization determines that any increase between the final  
15 itemized estimate of General Revenue Fund revenues made by the State  
16 Board at the February meeting preceding the beginning of the fiscal  
17 year for which that estimate is made, which is the same fiscal year  
18 during which the apportionment to the Securing Educational  
19 Excellence Fund is to be made, and the then current itemized  
20 estimate of General Revenue Fund revenues made by the State Board of  
21 Equalization for the fiscal year ending on June 30 immediately  
22 following such February meeting is one percent (1%) or greater, the  
23 first One Hundred Seventy-two Million Five Hundred Thousand Dollars  
24

1 (\$172,500,000.00) collected shall be apportioned to the Securing  
2 Educational Excellence Fund;

3 4. 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 3 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 Two Hundred Thirty Million Dollars (\$230,000,000.00) collected  
16 shall be apportioned to the Securing Educational Excellence Fund;

17 5. The next fiscal year, after the fiscal year in which an  
18 apportionment is made to the Securing Educational Excellence Fund as  
19 provided for in paragraph 4 of this subsection, that the State Board  
20 of Equalization determines that any increase between the final  
21 itemized estimate of General Revenue Fund revenues made by the State  
22 Board at the February meeting preceding the beginning of the fiscal  
23 year for which that estimate is made, which is the same fiscal year  
24 during which the apportionment to the Securing Educational

1 Excellence Fund is to be made, and the then current itemized  
2 estimate of General Revenue Fund revenues made by the State Board of  
3 Equalization for the fiscal year ending on June 30 immediately  
4 following such February meeting is one percent (1%) or greater, the  
5 first Two Hundred Eighty-seven Million Five Hundred Thousand Dollars  
6 (\$287,500,000.00) collected shall be apportioned to the Securing  
7 Educational Excellence Fund;

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

23       7. 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 6 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 Four Hundred Two Million Five Hundred Thousand Dollars  
12 (\$402,500,000.00) collected shall be apportioned to the Securing  
13 Educational Excellence Fund;

14 8. 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 7 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 Four Hundred Sixty Million Dollars (\$460,000,000.00) collected  
3 shall be apportioned to the Securing Educational Excellence Fund;

4 9. The next fiscal year, after the fiscal year in which an  
5 apportionment is made to the Securing Educational Excellence Fund as  
6 provided for in paragraph 8 of this subsection, that the State Board  
7 of Equalization determines that any increase between the final  
8 itemized estimate of General Revenue Fund revenues made by the State  
9 Board at the February meeting preceding the beginning of the fiscal  
10 year for which that estimate is made, which is the same fiscal year  
11 during which the apportionment to the Securing Educational  
12 Excellence Fund is to be made, and the then current itemized  
13 estimate of General Revenue Fund revenues made by the State Board of  
14 Equalization for the fiscal year ending on June 30 immediately  
15 following such February meeting is one percent (1%) or greater, the  
16 first Five Hundred Seventeen Million Five Hundred Thousand Dollars  
17 (\$517,500,000.00) collected shall be apportioned to the Securing  
18 Educational Excellence Fund; and

19 10. The next fiscal year, after the fiscal year in which an  
20 apportionment is made to the Securing Educational Excellence Fund as  
21 provided for in paragraph 9 of this subsection, that the State Board  
22 of Equalization determines that any increase between the final  
23 itemized estimate of General Revenue Fund revenues made by the State  
24 Board at the February meeting preceding the beginning of the fiscal

1 year for which that estimate is made, which is the same fiscal year  
2 during which the apportionment to the Securing Educational  
3 Excellence Fund is to be made, and the then current itemized  
4 estimate of General Revenue Fund revenues made by the State Board of  
5 Equalization for the fiscal year ending on June 30 immediately  
6 following such February meeting is one percent (1%) or greater, the  
7 first Five Hundred Seventy-five Million Dollars (\$575,000,000.00)  
8 collected shall be apportioned to the Securing Educational  
9 Excellence Fund.

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

20 D. All amounts apportioned pursuant to subsections B and C  
21 shall be divided into twelve equal amounts to be apportioned each  
22 month during the fiscal year.

23 E. The apportionments of revenues required in subsection B of  
24 this section shall be made until the total apportionment to the

1 Securing Educational Excellence Fund equals Five Hundred Seventy-  
2 five Million Dollars (\$575,000,000.00). After such apportionment  
3 level is reached, the annual apportionment to the Securing  
4 Educational Excellence Fund shall be governed by the provisions of  
5 subsection C of this section.

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

9 G. In order to ensure that the monies from the Securing  
10 Educational Excellence Fund are used to enhance and not supplant  
11 state funding for the State Board of Education, the State Board of  
12 Equalization shall examine and investigate expenditures from the  
13 fund each year. At the meeting of the State Board of Equalization  
14 held within five (5) days after the monthly apportionment in  
15 February of each year, the State Board of Equalization shall issue a  
16 finding and report which shall state whether expenditures from the  
17 Securing Educational Excellence Fund were used to enhance or  
18 supplant state funding for the Department of Education. If the  
19 State Board of Equalization finds that state funding for the State  
20 Board of Education was supplanted by funds from the Securing  
21 Educational Excellence Fund, the Board of Equalization shall specify  
22 the amount by which such funding was supplanted. In this event, the  
23 Legislature shall not make any appropriations for the ensuing fiscal  
24



1 year until an appropriation in that amount is made to replenish  
2 state funding for the State Board of Education.

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

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

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

22 SECTION 4. It being immediately necessary for the preservation  
23 of the public peace, health and safety, an emergency is hereby  
24

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

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