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STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

HOUSE BILL 2000 By: McNiel of the House

By: McNiel of the House

and

Brinkley of the Sena

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 2011, Sections 891.3, 891.7 and 891.8, which relate to the Oklahoma Community Economic Development Pooled Finance Act; modifying definitions; modifying authorized use of proceeds from Infrastructure Pool; modifying authorized use of proceeds from Economic Development Pool; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 891.3,
amended to read as follows:

Section 891.3 1. "Authority" means the Oklahoma Development
Finance Authority;

2. "Bonds" means any form of obligation issued by the Oklahoma Development Finance Authority pursuant to this act;

3. "Business entity" means a corporation, limited liability company, general partnership, limited partnership, or such other

1 entity conducting a lawful activity which is organized pursuant to
2 the laws of the state or which is authorized to do business in the
3 state if organized under the law of another jurisdiction;

4 4. "Community Economic Development Pooled Finance Revolving
5 Fund" means the fund created pursuant to Section 891.15 of this
6 title;

7 5. "Conduit issuer" means the Oklahoma Development Finance
8 Authority acting for the benefit of either a combination of local
9 government entities or a local government entity or entities in
10 conjunction with a for-profit business entity pursuant to the
11 provisions of this act;

12 6. "Credit Enhancement Reserve Fund" means that fund created
13 pursuant to Section 5063.3 of Title 74 of the Oklahoma Statutes;

14 7. "Debt" means bonds, notes, or other evidence of indebtedness
15 issued by the Oklahoma Development Finance Authority;

16 8. "Department" means the Oklahoma Department of Commerce;

17 9. "Economic Development Pool" means proceeds of obligations
18 sold by the Authority to provide resources for eligible local
19 government entities or a local government entity in conjunction with
20 a for-profit business entity to finance an eligible economic
21 development project or other purposes authorized by this act;

22 10. "Eligible local government entity" means:

23 a. a city,

24 b. a town,

- c. a county,
- d. any combination of cities, towns, or counties, or
- e. a public trust with a beneficiary or beneficiary which is a city, town, county or some combination of such entities as authorized by Section 176 of Title 60 of the Oklahoma Statutes;

11. "For-profit business" means any lawful activity conducted by a business entity with the goal or expectation of selling goods, services or other property at a price greater than the actual costs incurred by the business;

12. "Infrastructure" means:

- a. county roads,
- b. county bridges,
- c. municipal streets,
- d. municipal bridges,
- e. any railway or utility system owned by an eligible local government entity,
- f. water treatment facilities,
- g. solid waste management facilities,
- h. water treatment and distribution systems, or
- i. any asset or project identified by the eligible local government entities necessary for essential government functions if the asset is owned by a local government entity or entities;

1 13. "Infrastructure Pool" means proceeds of obligations sold by
2 the Authority to provide resources for eligible local government
3 entities to provide financing for infrastructure or other purposes
4 authorized by this act;

5 14. "Pooled financing" means an agreement, pursuant to the
6 provisions of this act or pursuant to the Interlocal Cooperation
7 Act, among two or more eligible local governmental entities or
8 involving a local government entity or entities in conjunction with
9 a for-profit business entity to use proceeds from a tax levy or
10 other authorized source of revenue to make payments of principal,
11 interest, and other related costs in connection with an obligation
12 issued by the Oklahoma Development Finance Authority for the benefit
13 of the entities entering into such agreement according to the terms
14 of the agreement and according to the requirements of any ballot
15 submitted to the voters of the respective eligible local
16 governmental entities. Pooled financing does not mean or include
17 the use of any ad valorem tax revenues derived from a levy imposed
18 pursuant to Section 26 of Article X of the Oklahoma Constitution;
19 and

20 15. "Private activity bonds" means those obligations the
21 interest income from which may be exempt from federal income tax
22 pursuant to the provisions of the Internal Revenue Code of 1986, as
23 amended.

1 SECTION 2. AMENDATORY 62 O.S. 2011, Section 891.7, is
2 amended to read as follows:

3 Section 891.7 A. The Authority shall be authorized to act as a
4 conduit issuer for the benefit of two or more eligible local
5 government entities for an authorized infrastructure project using
6 the Infrastructure Pool.

7 B. The Authority shall be authorized to issue its obligations
8 in order to provide net proceeds on a pooled basis not to exceed One
9 Hundred Million Dollars (\$100,000,000.00) for the Infrastructure
10 Pool. The Authority shall be authorized to issue obligations within
11 the limit prescribed by this subsection based upon the defeasance of
12 previously issued obligations.

13 C. The Except as otherwise provided by subsection F of this
14 section, proceeds from the Infrastructure Pool shall be for the
15 purpose of providing financing for two or more eligible local
16 government entities for an authorized infrastructure project located
17 in this state involving a pooled financing.

18 D. Sixty-five percent (65%) of the net proceeds from the
19 Infrastructure Pool shall be used by the Authority for the benefit
20 of eligible local government entities the population of which,
21 according to the most recent Federal Decennial Census, does not
22 exceed three hundred thousand (300,000) persons for any
23 participating municipality.

1 E. Thirty-five percent (35%) of the net proceeds from the
2 Infrastructure Pool may be used by the Authority for the benefit of
3 any and all eligible local government entities regardless of
4 population.

5 F. The proceeds from the Infrastructure Pool may also be used
6 for the purposes authorized by Section 891.8 of this title.

7 SECTION 3. AMENDATORY 62 O.S. 2011, Section 891.8, is
8 amended to read as follows:

9 Section 891.8 A. The Authority shall be authorized to act as a
10 conduit issuer for the benefit of one or more eligible local
11 government entities or for the benefit of one or more local
12 government entities in conjunction with a for-profit business entity
13 for an authorized economic development project using the Economic
14 Development Pool.

15 B. The Authority shall be authorized to issue its obligations
16 in order to provide net proceeds on a pooled basis not to exceed One
17 Hundred Million Dollars (\$100,000,000.00) for the Economic
18 Development Pool. The Authority shall be authorized to issue
19 obligations within the limit prescribed by this subsection based
20 upon the defeasance of previously issued obligations.

21 C. The Except as otherwise provided by subsection G of this
22 section, proceeds from the Economic Development Pool shall be for
23 the purpose of providing financing for an eligible local government
24

1 entity or entities or for the benefit of a business entity for an
2 authorized economic development project located in this state.

3 D. Sixty-five percent (65%) of the net proceeds from the
4 Economic Development Pool shall be used by the Authority for the
5 benefit of eligible local government entities the population of
6 which, according to the most recent Federal Decennial Census, does
7 not exceed three hundred thousand (300,000) persons for any
8 participating municipality.

9 E. Thirty-five percent (35%) of the net proceeds from the
10 Economic Development Pool may be used by the Authority for the
11 benefit of any and all eligible local government entities regardless
12 of population.

13 F. Obligations issued pursuant to the provisions of this
14 section may be issued on a tax-exempt basis if the applicable
15 provisions of federal law governing private activity bonds allow
16 such issuance. Otherwise, the obligations issued pursuant to the
17 provisions of this section shall be issued on a taxable basis.

18 G. The proceeds from the Economic Development Pool may also be
19 used for the purposes authorized by Section 891.7 of this title.

20 SECTION 4. This act shall become effective November 1, 2013.
21

22 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND FINANCIAL
23 SERVICES, dated 02/21/2013 - DO PASS, As Coauthored.
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