STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

HOUSE BILL 2000 By: McNiel

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

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

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

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

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

8. “Department” means the Oklahoma Department of Commerce;

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

10. “Eligible local government entity” means:

a. a city,

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;

13. "Infrastructure Pool" means proceeds of obligations sold by the Authority to provide resources for eligible local government

entities to provide financing for infrastructure <u>or other purposes authorized by this act</u>;

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

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

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

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

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

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

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

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

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

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

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

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

C. ~~The~~ Except as otherwise provided by subsection G of this section, proceeds from the Economic Development Pool shall be for the purpose of providing financing for an eligible local government entity or entities or for the benefit of a business entity for an authorized economic development project located in this state.

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

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

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

<u>G. The proceeds from the Economic Development Pool may also be used for the purposes authorized by Section 891.7 of this title.</u>

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

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