

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 1400

By: Montgomery

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7 COMMITTEE SUBSTITUTE

8 [public finance - Oklahoma Vision Act - Oklahoma
9 Vision Fund - effective date]

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

13 SECTION 1. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 4101 of Title 62, unless there
15 is created a duplication in numbering, reads as follows:

16 This act shall be known and may be cited as the "Oklahoma Vision
17 Act".

18 SECTION 2. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 4102 of Title 62, unless there
20 is created a duplication in numbering, reads as follows:

21 A. There is hereby created in the State Treasury a fund to be
22 known and designated as the "Oklahoma Vision Fund". The fund shall
23 be a continuing fund, not subject to fiscal year limitations.

24 B. The Oklahoma Vision Fund shall consist of:

1 1. Cash derived from carryover amounts after the close of a
2 fiscal year according to the following schedule:

- 3 a. ten percent (10%) of the cash carryover amount with
4 respect to the fiscal year ending June 30, 2018,
- 5 b. twenty percent (20%) of the cash carryover amount with
6 respect to the fiscal year ending June 30, 2019,
- 7 c. thirty percent (30%) of the cash carryover amount with
8 respect to the fiscal year ending June 30, 2020,
- 9 d. forty percent (40%) of the cash carryover amount with
10 respect to the fiscal year ending June 30, 2021, and
- 11 e. fifty percent (50%) of the cash carryover amount with
12 respect to the fiscal year ending June 30, 2020.

13 As used in the paragraph, "cash carryover amount" shall include any
14 amount of an appropriation made to an agency but which was not
15 expended or encumbered by the agency during the fiscal year for
16 which the appropriation was made and which has not lapsed into the
17 fund from which the appropriation was made pursuant to the
18 provisions of Section 55 of Article V of the Oklahoma Constitution;
19 and

20 2. Five percent (5%) of total actual revenue from the gross
21 production tax on oil and gas; and

22 3. Any amounts appropriated by the Legislature; and
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1 4. Any amounts accruing to the balance of the subfunds known as
2 the Higher Education Research and Development Fund and the Education
3 Vision Fund.

4 C. The balance of the Oklahoma Vision Fund shall be invested in
5 a manner consistent with the care, skill, prudence and diligence
6 under the circumstances then prevailing that a prudent person acting
7 in a like capacity and familiar with such matters would use in the
8 conduct of an enterprise of a like character and with like aims and
9 by diversifying the investments of the Oklahoma Vision Fund so as to
10 minimize the risk of large losses, unless under the circumstances it
11 is clearly prudent not to do so.

12 SECTION 3. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 4103 of Title 62, unless there
14 is created a duplication in numbering, reads as follows:

15 A. Investment earnings shall consist of any amount returned in
16 the form of interest, dividend income or realized capital gains to
17 the extent applicable.

18 B. Until such time as the ten-year average of total investment
19 earnings for the previous fiscal year shall equal the ten-year
20 moving average of the collections from the personal income tax and
21 corporate income tax as derived from the levy of income tax by
22 Section 2355 of Title 68 of the Oklahoma Statutes, eighty percent
23 (80%) of the investment earnings from the investment of the corpus
24 of the Oklahoma Vision Fund shall be reinvested in the corpus of the

1 Oklahoma Vision Fund. Two percent (2%) of the investment earnings
2 may be used for the administration expenses of the management of the
3 Oklahoma Vision Fund and its subfunds. One percent (1%) of the
4 investment earnings shall be transferred to the Oklahoma Center for
5 the Advancement of Science and Technology. Five percent (5%) of the
6 investment earnings shall be deposited to the credit of a subfund of
7 the Oklahoma Vision Fund to be known as the Higher Education
8 Research and Development Fund. Ten percent (10%) of the investment
9 earnings shall be deposited to the credit of a subfund to be known
10 as the Education Vision Fund.

11 C. At such time that ten-year moving average investment
12 earnings equal the ten-year moving average of personal income and
13 corporate income tax collections to the General Revenue Fund, all
14 apportionments listed in subsection B of this section shall cease to
15 be operative and one percent (1%) of investment earnings may
16 continue to be used by the Office of the State Treasurer to manage
17 the Oklahoma Vision Fund, and an additional five percent (5%) shall
18 continue to be deposited to the credit of the Oklahoma Vision Fund,
19 twenty-five percent (25%) of investment earnings shall be used to
20 remit by June 1 of each year an amount proportional to the amount of
21 income taxes paid for individual income taxpayers in the most recent
22 tax filing period, fifty percent (50%) of investment earnings shall
23 be used to pay an equal amount among all individual income tax
24 filers in the most recent tax filing period, and any remaining funds

1 shall be used to remit taxes paid to corporate income tax filers in
2 the most recent tax filing period.

3 D. The investment earnings generated from the balance of the
4 Higher Education Research and Development Fund shall be transferred
5 to the State Regents for Higher Education and be expended for the
6 purpose of supporting research and development at the state's
7 universities in the fields of health, medicine, pharmaceuticals,
8 drug development, engineering, science or math.

9 E. Seventy-five percent (75%) of the investment earnings
10 generated from the balance of the Education Vision Fund shall be
11 transferred to the common school districts based upon a proportional
12 basis of the most recently available weighted average daily
13 attendance of each school district. Five percent (5%) of the
14 investment earnings shall be reinvested to the corpus of the
15 Education Vision Fund. Twenty percent (20%) of the investment
16 earnings generated from the balance of the Education Vision Fund
17 shall be used to provide reduced-price lunches for income-qualified
18 students in the common school districts of the state.

19 SECTION 4. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 4104 of Title 62, unless there
21 is created a duplication in numbering, reads as follows:

22 The State Auditor and Inspector shall conduct an annual audit of
23 the Oklahoma Vision Fund and its subaccounts, all expenditures which
24 are otherwise derived from the Oklahoma Vision Fund, report any

1 findings to the Governor and the Legislature, and make any documents
2 pertaining to the audit publicly accessible.

3 SECTION 5. This act shall become effective July 1, 2018.

4 SECTION 6. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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