

1 ENGROSSED HOUSE  
2 BILL NO. 1533

By: Montgomery of the House

3 and

4 Treat of the Senate

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6  
7 [ public finance - debt obligations - study -  
8 presentation to Legislature and to Governor -  
9 effective date ]  
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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 34.200-1 of Title 62, unless  
16 there is created a duplication in numbering, reads as follows:

17 A. The State Bond Advisor in cooperation with the Office of  
18 Management and Enterprise Services shall produce a written debt  
19 affordability study (study) to be presented to the Legislature and  
20 the Governor.

21 B. The study shall be used to determine Oklahoma's debt  
22 position relative to its benchmark debt ratio of debt service as a  
23 percentage of revenues. The study shall incorporate information  
24 available in other sources, such as the Annual Report of the

1 Oklahoma State Bond Advisor and the Bonded Indebtedness Report, into  
2 an analysis of Oklahoma's debt position.

3 C. The study shall include the net tax-supported and net  
4 revenue-supported debt of this state for the most recently concluded  
5 fiscal year. It shall also include the debt for the most recently  
6 concluded fiscal year of state major component units and agencies  
7 for which the state may hold ultimate financial responsibility.  
8 Such component units or agencies shall include, but are not limited  
9 to: the Oklahoma Housing Finance Agency, the Oklahoma Turnpike  
10 Authority, and the Oklahoma Municipal Power Authority.

11 D. The study shall include the following:

12 1. Projections of debt service, future debt issuance, and debt  
13 to capacity, such as debt service as a percentage of revenues. Each  
14 projection shall extend at least five (5) years from the study's  
15 fiscal year of publication;

16 2. A discussion of Oklahoma's unfunded pension liabilities and  
17 the impact of these liabilities on the state's ability to borrow and  
18 cost of debt;

19 3. An identification and calculation of relevant metrics  
20 including, but not limited to, debt service as a percentage of  
21 revenues, total debt as a percentage of state personal income, and  
22 total debt per capita;

1        4. A comparison of debt metrics to a select group of at least  
2        ten other states so that Oklahoma may be able to measure and  
3        contextualize its debt relative to other states;

4        5. A sensitivity analysis to understand the effects of  
5        uncertain conditions. This sensitivity analysis may include  
6        analysis on the impact of debt ratios of revenues being above or  
7        below expectations or interest rates increasing or decreasing from  
8        positions at time of publication; and

9        6. An estimate of available debt capacity the state may issue  
10       over the next five (5) years without causing the benchmark debt  
11       ratio of debt service as a percentage of revenues to exceed five  
12       percent (5%). This estimate is based on the state's net tax-  
13       supported debt and the debt of the relevant state units and  
14       agencies.

15       E. In preparing any authorization of new debt, the debt-issuing  
16       entity, the Legislature, and the Governor shall take the study's  
17       recommendations and estimates into consideration. In addition, the  
18       study's recommendations and estimates shall be taken into  
19       consideration by the Legislature and the Governor during capital  
20       planning and budgeting processes.

21       F. The State Bond Advisor and the Office of Management and  
22       Enterprise Services shall report the results of the study to the  
23       Legislature by transmitting a copy to the Speaker of the House of  
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1 Representatives, the President Pro Tempore of the State Senate, and  
2 to the Governor on or before December 15 of each year.

3 G. The study's recommendations and estimates shall be advisory  
4 and not binding.

5 SECTION 2. This act shall become effective November 1, 2017.

6 Passed the House of Representatives the 20th day of March, 2017.

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Presiding Officer of the House  
of Representatives

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Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2017.

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Presiding Officer of the Senate

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