

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

5/8/2017 7:10:52 PM

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB2389

By: Osborn (Leslie) et al of the House

David et al of the Senate

Title: Public finance; Oklahoma Public Finance Authorization Act of 2017; effective date.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Leslie Osborn

YEAS: 20

Biggs, Caldwell, Casey, Cockroft, Dunnington, Echols, Henke, Jordan, Loring, O'Donnell, Ortega, Osborn (L), Ownbey, Pfeiffer, Roberts (D), Russ, Sanders, Sears, Virgin, Wallace

NAYS: 6

Bennett (J), Calvey, Kouplen, Murphey, Proctor, Stone

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

May 8, 2017

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2389

By: Osborn (Leslie) of the House and David and Fields of the Senate

Title: Public finance; Oklahoma Public Finance Authorization Act of 2017; effective date.

Recommendation: **DO PASS AS AMENDED**

Aye: Allen, Bergstrom, Bice, Dossett, Dugger, Floyd, Griffin, Jech, Kidd, Marlatt, Matthews, McCortney, Paxton, Pemberton, Pittman, Pugh, Rader, Sharp, Shaw, Simpson, Smalley, Sparks, Stanislawski, Thompson, Yen, Fields, David

Nay: Boggs, Brecheen, Brown, Dahm, Daniels, Fry, Newhouse, Pederson, Scott, Silk, Standridge, Sykes

Pass:

Senator Kim David, Chair

Committee Substitute, motion by Senator DAVID - Adopted (Request No: 7824)

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2389

By: Osborn (Leslie) and Wallace
of the House

and

David and Fields of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to public finance; authorizing issuance of certain net amount of obligations by Oklahoma Capitol Improvement Authority for funding of certain projects for the State Department of Health; providing for debt retirement payments; directing how title is to be held and when it is to be transferred; authorizing capitalization of certain interest for specified period of time; stating legislative intent; requiring Authority to pay certain fees and costs under certain circumstances; providing methods of issuance for obligations; authorizing hiring of certain professionals; authorizing payment of certain costs by creating reserves; limiting maturity of obligations; providing for utilization of certain interest earnings; providing tax exemption; providing for investment of certain monies; requiring compliance with certain statutory provisions; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW

A new section of law to be codified in the Oklahoma Statutes as Section 347 of Title 73, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Capitol Improvement Authority is authorized to issue notes, bonds, or other evidences of obligation in an amount necessary to generate net proceeds of Fifty-eight Million Five Hundred and Fifty-five Thousand Dollars (\$58,555,000.00) after providing for costs of issuance, credit enhancement, reserves, and other associated expenses related to financing. Net proceeds of the financing will be deposited into a construction fund to provide for the financing of acquisition of real property, together with improvements located thereon, and personal property, to construct buildings and other improvements to real property and to acquire property for office space and to provide funding for the construction of a new State Health Laboratory for the State Department of Health with debt retirement payments to be made as provided in this section.

B. The Authority may hold title to the real and personal property and improvements until such time as any obligations issued for this purpose are retired or defeased and may lease the real property and improvements to the State Department of Health. Upon final redemption or defeasance of the obligations created pursuant to this section, title to the real and personal property and

1 improvements shall be transferred from the Authority to the
2 Department.

3 C. For the purpose of paying the costs for acquisition and
4 construction of the real property and improvements and personal
5 property and providing funding for the project authorized in
6 subsection A of this section, and for the purpose authorized in
7 subsection D of this section, the Authority is hereby authorized to
8 borrow monies on the credit of the income and revenues to be derived
9 from the leasing of such real and personal property and improvements
10 and, in anticipation of the collection of such income and revenues,
11 to issue negotiable obligations in one or more series. The
12 Authority is authorized to capitalize interest on the obligations
13 issued pursuant to this section for a period of time not to exceed
14 one (1) year from the date of issuance. Excluding any capitalized
15 interest period, it is the intent of the Legislature to appropriate
16 to the State Department of Health sufficient monies to make rental
17 payments for the purposes of retiring obligations created pursuant
18 to this section.

19 D. To the extent funds are available from the proceeds of the
20 borrowing authorized by subsection C of this section, the Authority
21 shall provide for the payment of professional fees and associated
22 costs related to the project authorized in subsection A of this
23 section.

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1 E. The Authority may issue obligations in one or more series
2 and in conjunction with other issues of Authority. The Authority is
3 authorized to hire bond counsel, financial consultants, and other
4 professionals as it may deem necessary to provide for the efficient
5 sale of the obligations and may utilize a portion of the proceeds of
6 any borrowing to create such reserves as may be deemed necessary and
7 to pay costs associated with the issuance and administration of such
8 obligations.

9 F. The obligations authorized under this section may be sold at
10 either competitive or negotiated sale, as determined by the
11 Authority, and in such form and at such prices as may be authorized
12 by the Authority. The Authority may enter into agreements with such
13 credit enhancers and liquidity providers as may be determined
14 necessary to efficiently market the obligations. The obligations
15 may mature and have such provisions for redemption as shall be
16 determined by the Authority, but in no event shall the final
17 maturity of such obligations occur later than twenty (20) years from
18 the first principal maturity date.

19 G. Any interest earnings on funds or accounts created for the
20 purposes of this section may be utilized as partial payment of the
21 annual debt service or for the purposes directed by the Authority.

22 H. The obligations issued under this section, the transfer
23 thereof and the interest earned on such obligations, including any
24 profit derived from the sale thereof, shall not be subject to

1 taxation of any kind by the State of Oklahoma, or by any county,
2 municipality or political subdivision therein.

3 I. The Authority may direct the investment of all monies in any
4 funds created in connection with the offering of the obligations
5 authorized under this section. The investments shall be made in a
6 manner consistent with the investment guidelines of the State
7 Treasurer. The Authority may place additional restrictions on the
8 investment of such monies if necessary to enhance the marketability
9 of the obligations.

10 J. Insofar as they are not in conflict with the provisions of
11 this section, the provisions of Section 151 et seq. of Title 73 of
12 the Oklahoma Statutes shall apply to this section.

13 SECTION 2. This act shall become effective July 1, 2017.

14 SECTION 3. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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19 56-1-7873 MAH 05/08/17
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