

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 4026

By: McCall

COMMITTEE SUBSTITUTE

An Act relating to higher education funding districts; enacting the Higher Education Institution Local Funding Act; making legislative findings; providing for construction of act as amendment pursuant to Section 9B of Article X of the Oklahoma Constitution; providing procedures for certain institutions within The Oklahoma State System of Higher Education to form district; providing for creation of higher education funding district; providing for resolution; requiring notification to the Oklahoma State Regents for Higher Education; providing for election regarding formation and boundary of district; requiring preparation of map depicting district boundary; requiring county assessor to provide information regarding net assessed values and exempt property; requiring county election board to provide precinct boundary map; providing for election procedures; authorizing operational millage rate; prescribing procedures for issuance of bonds and sinking fund millage rate; providing for special elections; providing for formation of district after approval at election; providing for application of certain millage rates; imposing duty on county treasurer with respect to collection of revenues; prescribing procedures for payment of revenues; prescribing authorized purposes of expenditures; providing for expenditure of bond proceeds; providing for applicability of Internal Revenue Code of 1986 with respect to certain proceeds; prescribing maximum maturity of bonds; providing for procedures for sale of bonds; prescribing procedures for elections to modify millage rates for operational expenditures

1 prohibiting modification of sinking fund millage  
2 rates; providing for annexation or deannexation  
3 procedures with respect to territory of higher  
4 education funding district; providing for  
5 applicability of rules regarding annexation or  
6 deannexation of territory with respect to career  
7 technology districts; providing for codification;  
8 providing an effective date; and declaring an  
9 emergency.

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

11 SECTION 1. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 9001 of Title 70, unless there  
13 is created a duplication in numbering, reads as follows:

14 This act shall be known and may be cited as the "Higher  
15 Education Institution Local Funding Act".

16 SECTION 2. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 9002 of Title 70, unless there  
18 is created a duplication in numbering, reads as follows:

19 The Legislature finds that providing access to additional  
20 sources of revenue for certain institutions within The Oklahoma  
21 State System of Higher Education is in furtherance of a policy for  
22 making postsecondary education accessible to more persons, providing  
23 increased educational opportunities, improved income-producing  
24 potential and other positive outcomes. The provisions of this act  
shall be considered an amendment authorized by subsection H of  
Section 9B of Article X of the Oklahoma Constitution.

1       SECTION 3.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 9003 of Title 70, unless there  
3 is created a duplication in numbering, reads as follows:

4       An eligible two-year institution within The Oklahoma State  
5 System of Higher Education that utilizes the procedures established  
6 by this act shall be considered a career technology district for  
7 purposes of establishing a district, organizing the district,  
8 calling for operational millage rates or sinking fund millage rates  
9 or both, in the same manner as provided by law for career technology  
10 districts pursuant to the provisions of Section 9B of Article X of  
11 the Oklahoma Constitution and the provisions of Title 70 of the  
12 Oklahoma Statutes which enable Section 9B of Article X.

13       SECTION 4.       NEW LAW       A new section of law to be codified  
14 in the Oklahoma Statutes as Section 9004 of Title 70, unless there  
15 is created a duplication in numbering, reads as follows:

16       A. The board of regents of an eligible two-year college within  
17 The Oklahoma State System of Higher Education may adopt a resolution  
18 to cause the college to be included, for purposes of this act,  
19 within a higher education funding district. The resolution shall  
20 require the approval of a majority of the members of the board of  
21 regents.

22       B. Upon adoption of the resolution, the board of regents shall  
23 notify the Oklahoma State Regents for Higher Education of the action  
24 and shall notify the State Regents of the proposed boundary of the

1 district to be established pursuant to the procedures provided for  
2 by this act, the date of the election at which the formation of the  
3 higher education funding district will be voted upon and such other  
4 information as the State Regents may require.

5 SECTION 5. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 9005 of Title 70, unless there  
7 is created a duplication in numbering, reads as follows:

8 A. The board of regents of the eligible institution shall cause  
9 a map to be prepared depicting the boundary of the proposed district  
10 with the assets constituting the main campus of the institution to  
11 be located at some point within such boundary.

12 B. The county assessor of the county within which the district  
13 is proposed to be located shall provide information to the board of  
14 regents regarding the net assessed value of all taxable property  
15 within the boundary of the proposed district, including the  
16 identification of any real property exempt from taxation pursuant to  
17 the provisions of Section 6 of Article X of the Oklahoma  
18 Constitution, any other provision of the Oklahoma Constitution or  
19 the provisions of Section 2887 of Title 68 of the Oklahoma Statutes.

20 SECTION 6. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 9006 of Title 70, unless there  
22 is created a duplication in numbering, reads as follows:

23 The county election board of the county or counties within which  
24 the proposed higher education funding district is to be located

1 shall provide a precinct boundary map of the proposed area to the  
2 board of regents which has approved the resolution to call for a  
3 vote to form and organize a higher education funding district.

4       SECTION 7.       NEW LAW       A new section of law to be codified  
5 in the Oklahoma Statutes as Section 9007 of Title 70, unless there  
6 is created a duplication in numbering, reads as follows:

7       A. An election may be conducted in November of any even-  
8 numbered year in order to determine whether the proposed higher  
9 education funding district shall be formed and its initial  
10 operational millage rate which shall not exceed the number of mills  
11 as prescribed by Section 9B of Article X of the Oklahoma  
12 Constitution.

13       B. If there are to be any bonds or other evidence of  
14 indebtedness issued by the district contemporaneously approved at  
15 the election calling for the formation of the district or at any  
16 subsequent election called for the purposes of approving such bonds  
17 or other evidence of indebtedness, such information as may be  
18 required for the approval of a sinking fund millage rate by a career  
19 technology district pursuant to the provisions of Title 70 of the  
20 Oklahoma Statutes shall also be included on the ballot, but the  
21 principal amount of debt to be incurred, the projects to be  
22 constructed or improved or acquired with the proceeds of the bonds,  
23 the maximum maturity of the bonds and other information shall be  
24

1 included as part of the ballot title if that question is submitted  
2 to the voters.

3 C. A special election may be conducted in the manner prescribed  
4 by Section 12-116 of Title 26 of the Oklahoma Statutes if the  
5 question of the creation of the higher education funding district is  
6 to be submitted at any other time than a General Election.

7 SECTION 8. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 9008 of Title 70, unless there  
9 is created a duplication in numbering, reads as follows:

10 If approved by a majority of the voters at the election provided  
11 for by Section 7 of this act, there shall be created a higher  
12 education funding district which shall be governed by the board of  
13 regents for the institution within The Oklahoma State System of  
14 Higher Education that has managerial control for the institution for  
15 the benefit of which the district has been created.

16 SECTION 9. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 9009 of Title 70, unless there  
18 is created a duplication in numbering, reads as follows:

19 The millage levied by a higher education funding district shall  
20 be applied to the net assessed value of all taxable property located  
21 within the district each year in the same manner as provided by law  
22 for millage imposed by a career technology district. The county  
23 treasurer shall include the tax due resulting from such millage in  
24 the same manner as provided by law for other ad valorem taxes.

1       SECTION 10.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 9010 of Title 70, unless there  
3 is created a duplication in numbering, reads as follows:

4       All revenues derived from the net assessed value of property  
5 located within the boundary of the higher education funding district  
6 shall be paid by the county treasurer to the general fund of the  
7 eligible institution or to such fund as may be specified by the  
8 board of regents for the institution and the board of regents for  
9 the institution shall be authorized to expend such revenues in  
10 support of the operational expenses of the institution, including,  
11 without limitation, employee salaries, employee benefits, including  
12 retirement benefits and health care benefits, federal or state  
13 income or withholding taxes or related payroll taxes, utility costs,  
14 insurance expenses, books, electronic instructional materials,  
15 supplies for classrooms, upkeep of grounds and landscaping,  
16 maintenance of physical plants such as heating and air-conditioning  
17 units, acquisition and maintenance of motor vehicles and such other  
18 expenditures as may be approved by the board of regents pursuant to  
19 such standards and procedures as the board of regents may establish.

20       SECTION 11.       NEW LAW       A new section of law to be codified  
21 in the Oklahoma Statutes as Section 9011 of Title 70, unless there  
22 is created a duplication in numbering, reads as follows:

23       A.   Proceeds from bonds or other evidence of indebtedness issued  
24 by the higher education funding district may be expended on such

1 assets as authorized by the provisions of the Internal Revenue Code  
2 of 1986, as amended, or other provisions of federal or state law  
3 based on whether the interest income paid to bondholders is exempt  
4 from federal or state income tax.

5 B. Final maturity of any obligation issued by the higher  
6 education funding district shall not exceed twenty-five (25) years.

7 C. Bonds or other evidence of indebtedness issued by a higher  
8 education funding district may be sold using such procedures as may  
9 be established by the board of regents of the institution for whose  
10 benefit the higher education funding district has been created.

11 SECTION 12. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 9012 of Title 70, unless there  
13 is created a duplication in numbering, reads as follows:

14 After the formation of a higher education funding district  
15 authorized by this act, the question of modification of an  
16 operational millage rate may be submitted to the voters of the  
17 district by resolution of the board of regents of the institution  
18 within The Oklahoma State System of Higher Education for the benefit  
19 of which the district has been created or upon a petition signed by  
20 ten percent (10%) or more of the eligible voters residing within the  
21 boundary of a district. No millage rate in excess of that provided  
22 for in Section 9B of Article X of the Oklahoma Constitution may be  
23 approved and no sinking fund millage rate for repayment of bonds or  
24 other evidence of indebtedness may be modified pursuant to the



1 provisions of this section. The question of modification of an  
2 operational millage rate may be submitted at either a General  
3 Election or a special election with notice of the question to be  
4 provided in advance of the election date in the same manner as  
5 provided by law for similar questions related to career technology  
6 districts pursuant to Section 9B of Article X of the Oklahoma  
7 Constitution or enabling legislation enacted pursuant to authority  
8 of that section.

9 SECTION 13. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 9013 of Title 70, unless there  
11 is created a duplication in numbering, reads as follows:

12 After the formation of a higher education funding district  
13 authorized by this act, the question of annexation or deannexation  
14 of territory comprising the district may be submitted either by  
15 resolution of the board of regents for the institution within The  
16 Oklahoma State System for whose benefit the district was created or  
17 by petition signed by ten percent (10%) or more of the eligible  
18 voters of the district. The procedures for conducting the vote and  
19 implementing any changes in the boundary of the higher education  
20 funding district shall be the same as those prescribed by law or the  
21 administrative rules governing annexation or deannexation of  
22 territory for a career technology district.

23 SECTION 14. This act shall become effective July 1, 2020.  
24

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

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