

1 ENGROSSED HOUSE  
2 BILL NO. 4026

By: McCall of the House

and

Simpson of the Senate

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5  
6 [ higher education funding districts - enacting the  
7 Higher Education Institution Local Funding Act -  
8 effective date -

9 emergency ]

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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 9001 of Title 70, unless there  
16 is created a duplication in numbering, reads as follows:

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

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

22 The Legislature finds that providing access to additional  
23 sources of revenue for certain institutions within The Oklahoma  
24 State System of Higher Education is in furtherance of a policy for

1 making postsecondary education accessible to more persons, providing  
2 increased educational opportunities, improved income-producing  
3 potential and other positive outcomes. The provisions of this act  
4 shall be considered an amendment authorized by subsection H of  
5 Section 9B of Article X of the Oklahoma Constitution.

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

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

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

21 A. The board of regents of an eligible two-year college within  
22 The Oklahoma State System of Higher Education may adopt a resolution  
23 to cause the college to be included, for purposes of this act,  
24 within a higher education funding district. The resolution shall

1 require the approval of a majority of the members of the board of  
2 regents.

3 B. Upon adoption of the resolution, the board of regents shall  
4 notify the Oklahoma State Regents for Higher Education of the action  
5 and shall notify the State Regents of the proposed boundary of the  
6 district to be established pursuant to the procedures provided for  
7 by this act, the date of the election at which the formation of the  
8 higher education funding district will be voted upon and such other  
9 information as the State Regents may require.

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

13 A. The board of regents of the eligible institution shall cause  
14 a map to be prepared depicting the boundary of the proposed district  
15 with the assets constituting the main campus of the institution to  
16 be located at some point within such boundary.

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

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

4 The county election board of the county or counties within which  
5 the proposed higher education funding district is to be located  
6 shall provide a precinct boundary map of the proposed area to the  
7 board of regents which has approved the resolution to call for a  
8 vote to form and organize a higher education funding district.

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

12 A. An election may be conducted in November of any even-  
13 numbered year in order to determine whether the proposed higher  
14 education funding district shall be formed and its initial  
15 operational millage rate which shall not exceed the number of mills  
16 as prescribed by Section 9B of Article X of the Oklahoma  
17 Constitution. If the certified election results show that a sixty  
18 percent (60%) majority of all votes cast are in favor of the  
19 creation of the higher education funding district, the county  
20 election board shall declare the district to have been established  
21 and, if an initial operational millage was submitted to the voters  
22 as part of the same ballot measure for creation of the district,  
23 shall also declare such millage rate to be established for the  
24 district.

1 B. If there are to be any bonds or other evidence of  
2 indebtedness issued by the district contemporaneously approved at  
3 the election calling for the formation of the district or at any  
4 subsequent election called for the purposes of approving such bonds  
5 or other evidence of indebtedness, such information as may be  
6 required for the approval of a sinking fund millage rate as provided  
7 by law shall also be included on the ballot, but the principal  
8 amount of debt to be incurred, the projects to be constructed or  
9 improved or acquired with the proceeds of the bonds, the maximum  
10 maturity of the bonds and other information shall be included as  
11 part of the ballot title if that question is submitted to the  
12 voters.

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

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

20 If approved by sixty percent (60%) or more of the voters at the  
21 election provided for by Section 7 of this act, there shall be  
22 created a higher education funding district which shall be governed  
23 by the board of regents for the institution within The Oklahoma  
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1 State System of Higher Education that has managerial control for the  
2 institution for the benefit of which the district has been created.

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

6 The millage levied by a higher education funding district shall  
7 be applied to the net assessed value of all taxable property located  
8 within the district each year in the same manner as provided by law  
9 for millage imposed by other ad valorem taxing jurisdictions. The  
10 county treasurer shall include the tax due resulting from such  
11 millage in the same manner as provided by law for other ad valorem  
12 taxes.

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

16 All revenues derived from the net assessed value of property  
17 located within the boundary of the higher education funding district  
18 shall be paid by the county treasurer to the general fund of the  
19 eligible institution or to such fund as may be specified by the  
20 board of regents for the institution and the board of regents for  
21 the institution shall be authorized to expend such revenues in  
22 support of the operational expenses of the institution, including,  
23 without limitation, employee salaries, employee benefits, including  
24 retirement benefits and health care benefits, federal or state

1 income or withholding taxes or related payroll taxes, utility costs,  
2 insurance expenses, books, electronic instructional materials,  
3 supplies for classrooms, upkeep of grounds and landscaping,  
4 maintenance of physical plants such as heating and air conditioning  
5 units, acquisition and maintenance of motor vehicles and such other  
6 expenditures as may be approved by the board of regents pursuant to  
7 such standards and procedures as the board of regents may establish.

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

11 A. Proceeds from bonds or other evidence of indebtedness issued  
12 by the higher education funding district may be expended on such  
13 assets as authorized by the provisions of the Internal Revenue Code  
14 of 1986, as amended, or other provisions of federal or state law  
15 based on whether the interest income paid to bondholders is exempt  
16 from federal or state income tax.

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

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

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

4           After the formation of a higher education funding district  
5 authorized by this act, the question of modification of an  
6 operational millage rate may be submitted to the voters of the  
7 district by resolution of the board of regents of the institution  
8 within The Oklahoma State System of Higher Education for the benefit  
9 of which the district has been created or upon a petition signed by  
10 ten percent (10%) or more of the eligible voters residing within the  
11 boundary of a district. No millage rate in excess of that provided  
12 for in Section 9B of Article X of the Oklahoma Constitution may be  
13 approved and no sinking fund millage rate for repayment of bonds or  
14 other evidence of indebtedness may be modified pursuant to the  
15 provisions of this section. The question of modification of an  
16 operational millage rate may be submitted at either a General  
17 Election or a special election with notice of the question to be  
18 provided in advance of the election date in the same manner as  
19 provided by law for similar questions pursuant to Section 9B of  
20 Article X of the Oklahoma Constitution or enabling legislation  
21 enacted pursuant to authority of that section.

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

1 After the formation of a higher education funding district  
2 authorized by this act, the question of annexation or deannexation  
3 of territory comprising the district may be submitted either by  
4 resolution of the board of regents for the institution within The  
5 Oklahoma State System of Higher Education for whose benefit the  
6 district was created or by petition signed by ten percent (10%) or  
7 more of the eligible voters of the district. The procedures for  
8 conducting the vote and implementing any changes in the boundary of  
9 the higher education funding district shall be the same as those  
10 prescribed by Section 9B of Article X of the Oklahoma Constitution  
11 or enabling legislation enacted or administrative rules adopted  
12 pursuant thereto.

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

14 SECTION 15. 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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1 Passed the House of Representatives the 11th day of March, 2020.

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4 Presiding Officer of the House  
of Representatives

5 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2020.

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9 Presiding Officer of the Senate