

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 57th Legislature (2020)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 4026

By: McCall

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8 COMMITTEE SUBSTITUTE

9 An Act relating to higher education funding
10 districts; enacting the Higher Education Institution
11 Local Funding Act; making legislative findings;
12 providing for construction of act as amendment
13 pursuant to Section 9B of Article X of the Oklahoma
14 Constitution; providing procedures for certain
15 institutions within The Oklahoma State System of
16 Higher Education to form district; providing for
17 creation of higher education funding district;
18 providing for resolution; requiring notification to
19 the Oklahoma State Regents for Higher Education;
20 providing for election regarding formation and
21 boundary of district; requiring preparation of map
22 depicting district boundary; requiring county
23 assessor to provide information regarding net
24 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;

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

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

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

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

The Legislature finds that providing access to additional
sources of revenue for certain institutions within The Oklahoma
State System of Higher Education is in furtherance of a policy for
making postsecondary education accessible to more persons, providing
increased educational opportunities, improved income-producing
potential and other positive outcomes. The provisions of this act

1 shall be considered an amendment authorized by subsection H of
2 Section 9B of Article X of the Oklahoma Constitution.

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

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

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

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

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

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

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

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

18 B. If there are to be any bonds or other evidence of
19 indebtedness issued by the district contemporaneously approved at
20 the election calling for the formation of the district or at any
21 subsequent election called for the purposes of approving such bonds
22 or other evidence of indebtedness, such information as may be
23 required for the approval of a sinking fund millage rate by a career
24 technology district pursuant to the provisions of Title 70 of the

1 Oklahoma Statutes shall also be included on the ballot, but the
2 principal amount of debt to be incurred, the projects to be
3 constructed or improved or acquired with the proceeds of the bonds,
4 the maximum maturity of the bonds and other information shall be
5 included as part of the ballot title if that question is submitted
6 to the voters.

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

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

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

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

23 The millage levied by a higher education funding district shall
24 be applied to the net assessed value of all taxable property located

1 within the district each year in the same manner as provided by law
2 for millage imposed by a career technology district. The county
3 treasurer shall include the tax due resulting from such millage in
4 the same manner as provided by law for other ad valorem taxes.

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

8 All revenues derived from the net assessed value of property
9 located within the boundary of the higher education funding district
10 shall be paid by the county treasurer to the general fund of the
11 eligible institution or to such fund as may be specified by the
12 board of regents for the institution and the board of regents for
13 the institution shall be authorized to expend such revenues in
14 support of the operational expenses of the institution, including,
15 without limitation, employee salaries, employee benefits, including
16 retirement benefits and health care benefits, federal or state
17 income or withholding taxes or related payroll taxes, utility costs,
18 insurance expenses, books, electronic instructional materials,
19 supplies for classrooms, upkeep of grounds and landscaping,
20 maintenance of physical plants such as heating and air-conditioning
21 units, acquisition and maintenance of motor vehicles and such other
22 expenditures as may be approved by the board of regents pursuant to
23 such standards and procedures as the board of regents may establish.
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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 9011 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Proceeds from bonds or other evidence of indebtedness issued
5 by the higher education funding district may be expended on such
6 assets as authorized by the provisions of the Internal Revenue Code
7 of 1986, as amended, or other provisions of federal or state law
8 based on whether the interest income paid to bondholders is exempt
9 from federal or state income tax.

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

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

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

19 After the formation of a higher education funding district
20 authorized by this act, the question of modification of an
21 operational millage rate may be submitted to the voters of the
22 district by resolution of the board of regents of the institution
23 within The Oklahoma State System of Higher Education for the benefit
24 of which the district has been created or upon a petition signed by

1 ten percent (10%) or more of the eligible voters residing within the
2 boundary of a district. No millage rate in excess of that provided
3 for in Section 9B of Article X of the Oklahoma Constitution may be
4 approved and no sinking fund millage rate for repayment of bonds or
5 other evidence of indebtedness may be modified pursuant to the
6 provisions of this section. The question of modification of an
7 operational millage rate may be submitted at either a General
8 Election or a special election with notice of the question to be
9 provided in advance of the election date in the same manner as
10 provided by law for similar questions related to career technology
11 districts pursuant to Section 9B of Article X of the Oklahoma
12 Constitution or enabling legislation enacted pursuant to authority
13 of that section.

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

17 After the formation of a higher education funding district
18 authorized by this act, the question of annexation or deannexation
19 of territory comprising the district may be submitted either by
20 resolution of the board of regents for the institution within The
21 Oklahoma State System for whose benefit the district was created or
22 by petition signed by ten percent (10%) or more of the eligible
23 voters of the district. The procedures for conducting the vote and
24 implementing any changes in the boundary of the higher education

1 funding district shall be the same as those prescribed by law or the
2 administrative rules governing annexation or deannexation of
3 territory for a career technology district.

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

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

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10 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 02/26/2020 - DO PASS,
11 As Amended.

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