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**AS AMENDED**

By: Pugh

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

3. Two members shall be appointed by the Governor, with the advice and consent of the Senate; and

1        4. The State Treasurer or his or her designee shall be a  
2 member.

3        B. Three members shall constitute a quorum. The affirmative  
4 vote of three members shall be necessary for any action to be taken  
5 by the Council.

6        C. Members appointed to the Council shall serve a term of four  
7 (4) years and may be removed for cause by the appointing authority.  
8 Members may be reappointed for additional terms.

9        D. A vacancy on the Council shall be filled in the same manner  
10 as the original appointment, to hold office during the unexpired  
11 term for which the member was appointed. The Council shall elect  
12 one of its members chair and may elect such other officers as it  
13 deems necessary. No vacancy in the membership of the Council shall  
14 impair the right of the Council to exercise all duties of the  
15 Council.

16        E. The ~~Oklahoma State Bond Advisor~~ State Treasurer, as provided  
17 in Section 695.7 of this title, shall provide support staff as  
18 necessary to implement the purposes and functions of the Council.

19        F. The Attorney General shall provide legal counsel to the  
20 Council.

21        G. No member of the Oklahoma State Legislature shall be  
22 eligible to serve as a member of the Council.  
23  
24

1       SECTION 2.       AMENDATORY       62 O.S. 2011, Section 695.7, as  
2 last amended by Section 3, Chapter 374, O.S.L. 2017 (62 O.S. Supp.  
3 2018, Section 695.7), is amended to read as follows:

4       Section 695.7. A. The State Treasurer shall engage the  
5 services of a person knowledgeable in the current state of the art  
6 of national and international standards for the issuance of  
7 obligations by governmental entities and experienced in the  
8 negotiation of fees for various goods and services requisite to or  
9 deemed desirable in the issuance of such obligations as well as the  
10 negotiation of other matters essential to provide the best current  
11 price and terms of the issuance of such obligations for the benefit  
12 of the State of Oklahoma, who shall have the title "~~Oklahoma State~~  
13 ~~Bond Advisor~~" "Deputy Treasurer for Debt Management".

14       When hiring a person to the position of ~~Oklahoma State Bond~~  
15 ~~Advisor~~ Deputy Treasurer for Debt Management, the State Treasurer  
16 shall conduct a national search in seeking requests for proposals  
17 for the position.

18       B. The ~~Oklahoma State Bond Advisor~~ State Treasurer may employ  
19 the necessary staff to carry out the duties ~~of the Bond Advisor~~  
20 related to debt management and the ~~duties of~~ the Council of Bond  
21 Oversight, ~~with approval of the State Treasurer.~~

22       C. 1. Except as provided in Section 695.8 of this title, prior  
23 to engaging the services of underwriters, bond or other legal  
24 counsel, financial advisors, consultants, a financial institution to

1 serve as trustee, paying agent or in any fiduciary capacity in  
2 connection with any program, indenture or general resolution of the  
3 State Governmental Entity, or any other experts, except as provided  
4 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State  
5 Governmental Entity shall, in conjunction with a State Governmental  
6 Entity Financing, request proposals for such services from a  
7 plurality of persons engaged in the particular activity for such  
8 services and the selection of such persons shall be made on the  
9 basis of the response to the request which is the most economical  
10 and will provide competent service which furthers the best interest  
11 of the State Governmental Entity and the state. In negotiating  
12 requests for proposals to engage such services, the State  
13 Governmental Entity shall seek the advice and assistance of the  
14 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management.  
15 Under no circumstances shall proprietary inducements be granted.  
16 The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management  
17 shall provide assistance and advice to State Governmental Entities  
18 with respect to the issuance of obligations by the State  
19 Governmental Entities, review, negotiate, and approve or disapprove  
20 the fees and expenses for goods and services requisite to or deemed  
21 desirable in the issuance of State Governmental Entity obligations  
22 and State Governmental Entity Financing and shall represent the  
23 interests of the state before rating agencies and credit enhancement  
24 providers.

1        2. Any State Governmental Entity or Local Governmental Entity  
2 proposing to make a significant modification to the terms of any  
3 State Governmental Entity Financing, including modification of  
4 collateral by substitution, swap, or other derivative product shall  
5 first obtain the written approval of the ~~Oklahoma State Bond Advisor~~  
6 Deputy Treasurer for Debt Management. If the ~~Oklahoma State Bond~~  
7 ~~Advisor~~ Deputy Treasurer for Debt Management denies approval, the  
8 State Governmental Entity or Local Governmental Entity may request  
9 the Council of Bond Oversight to review and approve proposed  
10 modifications.

11        D. The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt  
12 Management shall serve as an advisor to the Governor and to the  
13 Legislature with respect to issuance of indebtedness reviewed by the  
14 Council and shall prepare an annual report to be submitted to the  
15 Governor, the President Pro Tempore of the Senate and the Speaker of  
16 the House of Representatives as of January 15 each year. The report  
17 shall contain a summary of the issuance of indebtedness by State  
18 Governmental Entities during the preceding year.

19        E. The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt  
20 Management or any member of the immediate family of the ~~Oklahoma~~  
21 ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall not  
22 have any direct or indirect financial or contractual relationship  
23 with any firm or corporation or any officer, partner or principal  
24

1 stockholder of any firm or corporation directly involved in public  
2 finance.

3 SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8, as  
4 amended by Section 7, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2018,  
5 Section 695.8), is amended to read as follows:

6 Section 695.8. A. The Council of Bond Oversight shall:

7 1. Make determinations as to whether the purposes for which  
8 obligations proposed to be issued by a State Governmental Entity, in  
9 conjunction with a State Governmental Entity Financing, are for the  
10 furtherance and accomplishment of authorized and proper public  
11 functions or purposes of the state or of any county or municipality,  
12 as specified in the statutes governing public trusts organized  
13 pursuant to Title 60 of the Oklahoma Statutes;

14 2. Review proposed issuance of debt by State Governmental  
15 Entities for compliance with any applicable provisions of federal,  
16 state or other laws;

17 3. Review such other matters as the Council deems relevant to  
18 the Application, including, without limitation, sources of repayment  
19 and security for the obligation. However, the Council shall not  
20 review the merits of the project. The Council shall only determine  
21 that the project has a legal and beneficial purpose which can be  
22 legitimately funded by bond or similar indebtedness, issued by a  
23 State Governmental Entity or Local Governmental Entity;

- 1       4.    a.    Except as provided in subparagraph b of this  
2               paragraph, review the findings of the Program  
3               Development and Credit Review Committee to determine  
4               if the Rules Regarding the Administration of the  
5               Credit Enhancement Reserve Fund and related  
6               regulations and policies as implemented by the  
7               Oklahoma Development Finance Authority adequately and  
8               sufficiently fulfill the intents and purposes of the  
9               Credit Enhancement Reserve Fund Act, provided such  
10              provision shall not apply to Credit Enhancement  
11              Reserve Fund applications approved by the Bond  
12              Oversight Commissions prior to May 30, 1990; and,  
13              except as provided in subparagraph b of this  
14              paragraph, approve or disapprove any bonds or  
15              indebtedness being issued by the Oklahoma Development  
16              Finance Authority to the extent ~~said~~ the bonds or  
17              indebtedness are enhanced or supported pursuant to the  
18              Credit Enhancement Reserve Fund Act.
- 19        b.    The Council shall not be required to review or approve  
20               individual projects or loans under the Small Business  
21               Credit Enhancement Program created by Section 5063.4b  
22               of Title 74 of the Oklahoma Statutes, or the Oklahoma  
23               Beginning Agricultural Producer Pool Act, but may  
24               approve a package of such projects or loans in

1 advance. Each project or loan shall be individually  
2 listed in the package and the dollar amount of the  
3 project or loan shall be specifically set out together  
4 with the total dollar amount involved in the package.  
5 The Council or the ~~Oklahoma State Bond Adviser~~ Deputy  
6 Treasurer for Debt Management may, in their  
7 discretion, remove any such individual project or loan  
8 from the package submitted, for individual action.  
9 Should the Oklahoma Development Finance Authority  
10 submit an application to the Council for the approval  
11 of an obligation or credit enhancement under these two  
12 programs, the application shall be deemed approved if  
13 not disapproved by the Council within forty-five (45)  
14 days of filing such an application or, as to an  
15 individual project or loan, removed from the submitted  
16 package within such forty-five-day period.

- 17 c. The Council may establish maximum compensation levels  
18 to be paid to individuals and firms acting in a  
19 fiduciary capacity in connection with Credit  
20 Enhancement Reserve Fund Program financings. The  
21 Council may set such compensation levels for a one-  
22 year period and such compensation will be applicable  
23 to all individuals and firms participating in the  
24 program for that period. Providers of such services



1           selected prior to making application may be employed  
2           subject to the established maximum compensation  
3           levels. Prior to December 31 of each year, the  
4           Council shall review market conditions and set new  
5           compensation levels for the program. Provided, such  
6           compensation levels may not exceed the compensation  
7           levels obtained by the Oklahoma Development Finance  
8           Authority through its most recent invitation to bid  
9           for the services of individuals and firms acting in a  
10          fiduciary capacity in connection with Credit  
11          Enhancement Reserve Fund Program financing; and

12          5. Adopt, amend and repeal rules to regulate affairs of the  
13          Council and to implement the powers and purposes of the Council.

14          B. The Council ~~may establish budgets~~ and Deputy Treasurer for  
15          Debt Management, in order to fulfill ~~its~~ their duties pursuant to  
16          the Oklahoma Bond Oversight and Reform Act ~~and~~, shall be authorized  
17          to charge and collect a fee, in accordance with the rules of the  
18          Council, derived from proceeds of bond issues approved by the  
19          Council.

20          SECTION 4.        AMENDATORY        62 O.S. 2011, Section 695.9, as  
21          amended by Section 8, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2018,  
22          Section 695.9), is amended to read as follows:

23          Section 695.9. A. No State Governmental Entity or Local  
24          Governmental Entity shall issue any State Governmental Entity

1 Financing obligations unless such obligations have been approved by  
2 the Council of Bond Oversight as provided for in Section 695.8 of  
3 this title; provided, however, that in no event shall the Council's  
4 approval be required for the issuance of any obligations pursuant to  
5 a remarketing or a change in interest rate or maturity under the  
6 terms of indentures or agreements securing obligations heretofore  
7 issued prior to July 1, 1987, or pursuant to the provisions of the  
8 Oklahoma Bond Oversight and Reform Act.

9       B. 1. With respect to any State Governmental Entity Financing  
10 proposed to be obtained through the issuance of its obligations, any  
11 State Governmental Entity or Local Governmental Entity shall file  
12 with the Council a written description of the nature, need and  
13 purpose of such proposed financing. The Council shall review the  
14 description of the proposed financing in order to either approve or  
15 disapprove the purpose to be served by the issuance of ~~said~~ the  
16 State Governmental Entity obligations and for compliance with any  
17 applicable provisions of federal, state or other laws.

18       2. With respect to bonds or indebtedness proposed to be issued  
19 by the Oklahoma Development Finance Authority which will be enhanced  
20 or supported pursuant to the Credit Enhancement Reserve Fund Act,  
21 the Council shall review the description of such proposed financing  
22 in accordance with paragraph 1 of this subsection and additionally  
23 shall approve or disapprove the proposed financing on a  
24 determination of sufficient compliance with the Rules Regarding the

1 Administration of the Credit Enhancement Reserve Fund as implemented  
2 by the Oklahoma Development Finance Authority. Such determinations  
3 by the Council shall be based on a written report prepared for and  
4 provided to the Council by the Program Development and Credit Review  
5 Committee as provided in Section 5062.6a of Title 74 of the Oklahoma  
6 Statutes, provided the Council shall not be bound to follow the  
7 conclusions reached by the committee in such reports. All orders  
8 issued by the Council approving or disapproving bonds or  
9 indebtedness enhanced or supported pursuant to the Credit  
10 Enhancement Reserve Fund Act shall be final and shall not be subject  
11 to any type of appeal.

12 3. Except as provided in paragraph 4 of this subsection,  
13 approval provided for in paragraph 1 of this subsection shall expire  
14 one hundred eighty (180) days after such approval. Provided, if  
15 such approval expires, nothing shall prevent the State Governmental  
16 Entity from refiling with the Council for approval of such financing  
17 and, if granted, any one subsequent approval of such financing shall  
18 be valid for a period, not to exceed one hundred eighty (180) days,  
19 as determined by the Council.

20 4. Applicants having received approval, as provided for in  
21 paragraph 1 of this subsection, may request and the ~~Oklahoma State~~  
22 ~~Bond Advisor~~ Deputy Treasurer for Debt Management may grant, at the  
23 ~~Oklahoma State Bond Advisor's~~ his or her discretion, a single one-  
24 hundred-eighty-day extension. Any request for an extension must be

1 made at least five (5) business days prior to the expiration of the  
2 original approval. Applicants failing to request an extension in  
3 this manner may refile with the Council as provided for in paragraph  
4 3 of this subsection.

5 5. In the event there is a substantial change in the nature or  
6 purpose of a proposed financing after approval by the Council, the  
7 prior approval shall be void and the State Governmental Entity shall  
8 be required to seek approval from the Council in the manner provided  
9 in paragraph 1 of this subsection.

10 C. Local Governmental Entities, within ten (10) days following  
11 the date funds become available to the issuer from the sale of any  
12 obligation, shall file with the Council a copy of the official  
13 statement or notice of sale and any other information concerning the  
14 proposed financing required by the Council.

15 D. Upon the request of a Local Governmental Entity, the  
16 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management may  
17 provide advice and assistance to the Local Governmental Entity with  
18 respect to the issuance of obligations. The ~~Oklahoma State Bond~~  
19 ~~Advisor~~ State Treasurer may assess reasonable fees for such  
20 services.

21 SECTION 5. AMENDATORY Section 5, Chapter 374, O.S.L.  
22 2017 (62 O.S. Supp. 2018, Section 695.10a), is amended to read as  
23 follows:  
24

1       Section 695.10a. A. As used in this section, "public finance  
2 service provider" means underwriters, bond or other legal counsel,  
3 financial advisors, consultants, and financial institutions who  
4 serve as trustee, paying agent or in any fiduciary capacity, who  
5 seek to provide services to State Governmental Entities or Local  
6 Governmental Entities with regard to the issuance of bonds, notes or  
7 other evidences of indebtedness.

8       B. Any public finance service provider shall be required to  
9 make a disclosure, upon such form as the ~~State Bond Adviser~~ Deputy  
10 Treasurer for Debt Management may prescribe, of any and all direct  
11 financial contributions made by the public finance service provider  
12 which exceed Five Thousand Dollars (\$5,000.00) in any calendar year  
13 on a cumulative basis to any nonprofit organization, regardless of  
14 its exempt status pursuant to the provisions of the Internal Revenue  
15 Code of 1986, as amended, the primary purpose of which is to provide  
16 services to one or more political subdivisions of the state or the  
17 membership of which consists primarily of public school  
18 administrators, common school districts or common school district  
19 boards of education, common school superintendents, career  
20 technology districts or career technology district governing boards,  
21 municipal government entities, county commissioners or other public  
22 officials or local government entity having authority to issue debt  
23 obligations either directly or which is the beneficiary of a public  
24

1 trust organized pursuant to the provisions of Section 176 ~~et. seq.~~  
2 et seq. of Title 60 of the Oklahoma Statutes.

3 C. In addition, the public finance service provider shall be  
4 required to make disclosure of any and all direct financial  
5 contributions which exceed One Hundred Dollars (\$100.00) on a  
6 cumulative basis during any calendar year made to any elected  
7 officials or employees of a State Governmental Entity or Local  
8 Governmental Entity to which financial services are to be provided  
9 in connection with issuance of debt obligations or contributions  
10 made to any individuals associated with any of the nonprofit  
11 organizations described by subsection B of this section.

12 D. The disclosure shall be filed annually with the ~~Oklahoma~~  
13 ~~State Bond Advisor~~ Deputy Treasurer for Debt Management not later  
14 than January 15, or the first business day after such date if  
15 January 15 is not a date upon which the State Treasurer's office is  
16 open for business, and shall include an itemized description of all  
17 direct financial contributions made to any and all of the entities  
18 described by subsections B and C of this section by the public  
19 finance service provider during the immediately preceding calendar  
20 year.

21 E. Any public finance service provider shall submit a copy of  
22 the most recent disclosure document on file with the ~~Oklahoma State~~  
23 ~~Bond Advisor~~ Deputy Treasurer for Debt Management as required  
24 pursuant to subsection D of this section prior to the selection of a

1 public finance service provider by any county, city, town, common  
2 school district, career technology district or other local  
3 government entity or any public trust organized pursuant to the  
4 provisions of Section 176 et seq. of Title 60 of the Oklahoma  
5 Statutes having one or more political subdivisions as its  
6 beneficiary or beneficiaries, with respect to the issuance of any  
7 obligations described by subsection A of this section. The  
8 disclosure document shall be provided to each member of the  
9 governing board of the unit of local government to which services  
10 will be provided and, if applicable, to each member of the board of  
11 trustees of any public trust as described in this subsection to  
12 which public finance services will be provided. If the board of  
13 trustees of such public trust is comprised of persons who are also  
14 members of the governing board of the unit of local government, the  
15 disclosure document may be provided to the members of the governing  
16 board of the unit of local government and the document will not be  
17 required to be provided to any member of the board of trustees of  
18 the public trust unless such person is not a member of the governing  
19 board of the unit of local government.

20 SECTION 6. AMENDATORY 62 O.S. 2011, Section 695.11, is  
21 amended to read as follows:

22 Section 695.11. The provisions of the Oklahoma Central  
23 Purchasing Act shall not be applicable to any actions of a State  
24 Governmental Entity in regard to the sale and issuance of its

1 obligations, including any contracts and undertakings relating  
2 thereto; however, such issuance, contracts and undertakings shall be  
3 subject to the provisions of ~~this act~~ the Oklahoma Bond Oversight  
4 and Reform Act regarding review or approval of such matters by the  
5 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management.

6 SECTION 7. AMENDATORY 62 O.S. 2011, Section 695.19, is  
7 amended to read as follows:

8 Section 695.19. Notwithstanding any other provision of law, a  
9 State Governmental Entity, as such term is defined in Section 695.3  
10 of ~~Title 62 of the Oklahoma Statutes~~ this title, is authorized to  
11 issue refunding bonds for the purpose of refinancing existing bonds  
12 or obligations without further authorization from the Legislature  
13 provided the issuance of the refunding bonds and any services, fees  
14 and expenses related thereto are reviewed and approved by the  
15 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management and  
16 the Council of Bond Oversight pursuant to the provisions of the  
17 Oklahoma Bond Oversight and Reform Act.

18 SECTION 8. AMENDATORY 62 O.S. 2011, Section 695.23, is  
19 amended to read as follows:

20 Section 695.23. As used in the Oklahoma Private Activity Bond  
21 Allocation Act:

22 1. "Application for state ceiling allocation" means the written  
23 application form provided by the ~~State Bond Advisor~~ Deputy Treasurer  
24



1 for Debt Management which shall be filed by or on behalf of the  
2 issuer in compliance with the requirements of this act;

3 2. "Beginning Agricultural Producer Pool" means the portion of  
4 the state ceiling reserved for bonds relating to the Oklahoma  
5 Beginning Agricultural Producer Pool Act;

6 3. "Carryforward" shall have the same meaning as in Section  
7 146(f) of the Internal Revenue Code;

8 4. "Confirmation" means a written confirmation of allocation  
9 issued by the ~~State Bond Advisor~~ Deputy Treasurer for Debt  
10 Management;

11 5. "Consolidated Pool" means an aggregation of unallocated sums  
12 of the state ceiling derived from pools as set forth in subsection M  
13 of Section 695.24 of this title;

14 6. "Economic Development Pool" means that portion of the state  
15 ceiling reserved for projects specifically authorized by the Council  
16 of Bond Oversight, as provided for in subsection B of Section 695.24  
17 of this title;

18 7. "Exempt facility bonds" means exempt facility bonds as  
19 defined in Section 142(a) of the Internal Revenue Code;

20 8. "Exempt Facility Pool" means the portion of the state  
21 ceiling reserved for exempt facility bonds;

22 9. "Final certification" or "final certificate" means a  
23 certification or certificate filed with the ~~State Bond Advisor~~  
24 Deputy Treasurer for Debt Management by or on behalf of the issuer

1 specifying the exact amount of indebtedness issued by an issuer, or,  
2 in the case of mortgage credit certificates, a copy of the document  
3 or election filed with the Internal Revenue Service exchanging bond  
4 issuance authority for mortgage credit certificate issuance  
5 authority;

6 10. "Internal Revenue Code" means the Internal Revenue Code of  
7 1986 (26 U.S.C., Section 1 et seq.), as amended;

8 11. "Issued" means any issue of bonds which have been delivered  
9 and the purchase price therefor remitted to or for the account of  
10 the issuer, or a copy of the document or election filed with the  
11 Internal Revenue Service exchanging bond issuance authority for  
12 mortgage credit certificate issuance authority;

13 12. "Issuer" or "issuing authority" means any public trust or  
14 other entity which is authorized to issue tax-exempt bonds, notes  
15 and other like obligations, or has the authority to exchange single-  
16 family mortgage bond authority for mortgage credit certificate  
17 authority, under the Constitution or laws of the state;

18 13. "Local issuer" means any municipality, county or public  
19 trust having counties or municipalities or combinations thereof as  
20 beneficiary, or a public trust having the state as beneficiary with  
21 jurisdiction limited to one county of the state;

22 14. "Local Issuer Single Family Pool" means the portion of the  
23 state ceiling reserved for local issuers of single-family, mortgage  
24 revenue bonds and mortgage credit certificates;

1        15. "Metropolitan Area Housing Pool" means the portion of the  
2 state ceiling reserved pursuant to subsection I of Section 695.24 of  
3 this title;

4        16. "Mortgage credit certificate election" means a document or  
5 election filed by an issuer with the Internal Revenue Service  
6 exchanging single-family mortgage bond issuance authority for  
7 mortgage credit certificate issuance authority;

8        17. "Mortgage credit certificates" shall have the same meaning  
9 as in Section 25(c) of the Internal Revenue Code;

10       18. "Oklahoma Housing Finance Agency Pool" means that portion  
11 of the state ceiling reserved for single-family bonds, multifamily  
12 bonds, and mortgage credit certificates issued by the Oklahoma  
13 Housing Finance Agency;

14       19. "Private activity bonds" or "bonds" means any bonds or  
15 notes or other evidence of indebtedness, the interest on which is  
16 exempt from tax pursuant to the Internal Revenue Code, and mortgage  
17 credit certificates, except those bonds or certificates specifically  
18 excluded from the state ceiling under the terms of federal  
19 legislation;

20       20. "Qualified small issue" used in the context of "bond" or  
21 "bonds" or the "Qualified Small Issue Pool" shall have the meaning  
22 as in Section 144(a) of the Internal Revenue Code;

23       21. "Qualified Small Issue Pool" means the portion of the state  
24 ceiling reserved for qualified small issue bonds;

1        22. "Qualified student loan bonds" shall have the same meaning  
2 as in Section 144(b) of the Internal Revenue Code;

3        23. "Rural Area Housing Pool" means the portion of the state  
4 ceiling reserved pursuant to subsection J of Section 695.24 of this  
5 title;

6        24. "State" means the State of Oklahoma;

7        25. "State Bond Advisor" means the ~~Oklahoma State Bond Advisor~~  
8 Deputy Treasurer for Debt Management or his or her designee;

9        26. "State ceiling" means the limit which is prescribed by the  
10 Internal Revenue Code in Section 146 and in such other applicable  
11 sections of the Internal Revenue Code on the amount of private  
12 activity bonds which may be issued collectively by all of the  
13 issuers of the state during a calendar year;

14       27. "State issuer" means any public trust having the state as  
15 beneficiary or any state agency or other entity with powers to issue  
16 private activity bonds, provided that the term shall not include a  
17 public trust or any local issuer with the state as beneficiary whose  
18 jurisdiction is limited to one county;

19       28. "State Issuer Pool" means the portion of the state ceiling  
20 reserved for state issuers of qualified small issuer projects; and

21       29. "Student Loan Pool" means the portion of the state ceiling  
22 reserved for qualified student loan bonds.

23       SECTION 9.        AMENDATORY        62 O.S. 2011, Section 695.24, is  
24 amended to read as follows:

1       Section 695.24. A. 1. Fifteen and five-tenths percent (15.5%)  
2 of the state ceiling shall be reserved and placed in the Student  
3 Loan Pool.

4       2. For the period January 1 through September 1 of each  
5 calendar year, the Student Loan Pool shall be allocated to qualified  
6 student loan bonds issued by eligible state issuers. Allocations  
7 will be available to issuers on a first-come, first-serve basis.

8       B. Twelve percent (12%) of the state ceiling shall be reserved  
9 and placed in a pool designated as the Economic Development Pool.  
10 For the period January 1 through September 1 of each calendar year,  
11 allocations from this pool may be made only upon the recommendation  
12 of the Director of the Oklahoma Department of Commerce and following  
13 review and approval by the Council of Bond Oversight. In order to  
14 approve the recommendation, the Council of Bond Oversight must find  
15 that the project seeking an allocation from this pool will result in  
16 the creation of manufacturing jobs in this state or will in some  
17 other way contribute to an economic development objective of this  
18 state. For purposes of this subsection, "manufacturing jobs" means  
19 jobs created by manufacturing facilities as that term is defined in  
20 subparagraphs a, b, and c of paragraph 1 of subsection B of Section  
21 2902 of Title 68 of the Oklahoma Statutes.

22       C. 1. Twelve percent (12%) of the state ceiling shall be  
23 reserved and placed in a pool to be designated the Qualified Small  
24 Issue Pool.

1        2. For the period January 1 through September 1 of each  
2 calendar year, the Qualified Small Issue Pool shall be allocated to  
3 qualified small issue bond projects undertaken by either state or  
4 local issuers. Allocations will be available to issuers on a first-  
5 come, first-serve basis.

6        D. 1. One percent (1%) of the state ceiling shall be reserved  
7 and placed in a pool to be designated the Beginning Agricultural  
8 Producer Pool.

9        2. For the period January 1 through September 1 of each  
10 calendar year, the Beginning Agricultural Producer Pool shall be  
11 allocated pursuant to the criteria established in Section 5063.23 of  
12 Title 74 of the Oklahoma Statutes.

13        E. 1. Two and five-tenths percent (2.5%) of the state ceiling  
14 shall be reserved and placed in a pool to be designated the Exempt  
15 Facility Pool.

16        2. For the period January 1 through September 1 of each  
17 calendar year, the Exempt Facility Pool shall be allocated to exempt  
18 facility bonds issued by either state or local issuers. Allocations  
19 will be available to issuers on a first-come, first-serve basis.

20        F. 1. Except as otherwise provided by this subsection, fifteen  
21 percent (15%) of the state ceiling shall be reserved and placed in a  
22 pool to be designated the Oklahoma Housing Finance Agency Pool.  
23 Provided, however, that the allocation of the state ceiling to the  
24 Oklahoma Housing Finance Agency as otherwise authorized pursuant to

1 this subsection shall be increased up to ten percent (10%) of the  
2 state ceiling amount for any calendar year subsequent to a  
3 certification by the Oklahoma Strategic Military Planning Commission  
4 that the available housing stock in an area located on or near a  
5 military installation at risk for closure or adverse realignment  
6 pursuant to federal law is inadequate and an increase in available  
7 funds for construction or rehabilitation of such housing would make  
8 closure or an adverse realignment of the military installation less  
9 likely. The certification by the Oklahoma Strategic Military  
10 Planning Commission shall be made and communicated to the ~~State Bond~~  
11 ~~Advisor~~ Deputy Treasurer for Debt Management not later than November  
12 15 each year. The Oklahoma Strategic Military Planning Commission  
13 shall make a specific recommendation to the ~~State Bond Advisor~~  
14 Deputy Treasurer for Debt Management regarding the percentage  
15 increase to be adopted for the Oklahoma Housing Finance Agency pool  
16 for the ensuing year. The ~~State Bond Advisor~~ Deputy Treasurer for  
17 Debt Management shall make the final determination regarding the  
18 amount of such increase. Any certification made by the Oklahoma  
19 Strategic Military Planning Commission shall be valid only for the  
20 calendar year immediately following such certification.

- 21       2.     a.     For the period January 1 through September 1 of each  
22                     year, the Oklahoma Housing Finance Agency Pool shall  
23                     be allocated to qualified single family bonds,  
24

1 multifamily bonds, or mortgage credit certificates  
2 issued by the Oklahoma Housing Finance Agency.

3 b. Provided, thirty-five percent (35%) of the allocation  
4 from the Oklahoma Housing Finance Agency Pool shall be  
5 set aside for at least three (3) months for the  
6 origination of single-family loans in counties with  
7 populations of three hundred thousand (300,000) or  
8 less.

9 G. 1. Four percent (4%) of the state ceiling shall be reserved  
10 and placed in a pool to be designated the State Issuer Pool. For  
11 the period commencing January 1 of each calendar year through  
12 September 1 of the same year, the State Issuer Pool shall be  
13 allocated to those qualified small issuer projects undertaken by  
14 state issuers which have issued in excess of Seventy-five Million  
15 Dollars (\$75,000,000.00) in qualified small issue bonds.

16 2. Notwithstanding the provisions of this section, a state  
17 issuer specifically limited in jurisdiction to one county shall be  
18 treated as a local issuer for the purposes of allocation.

19 H. Seventeen and five-tenths percent (17.5%) of the state  
20 ceiling shall be reserved and placed in a pool to be designated the  
21 Local Issuer Single Family Pool. For the period commencing January  
22 1 of each calendar year through September 1 of the same year, the  
23 Local Issuer Single Family Pool shall be allocated to single-family  
24 projects undertaken by local issuers in counties with populations of



1 three hundred thousand (300,000) or less on a first-come, first-  
2 serve basis with no single local issuer or project to receive an  
3 allocation in excess of Ten Million Dollars (\$10,000,000.00) from  
4 the Local Issuer Single Family Pool. An issuer which has not  
5 received any allocation from the State Issuer Pool and having a  
6 single-family project limited in jurisdiction to twenty counties or  
7 less, each of which has a population of three hundred thousand  
8 (300,000) or less, shall be considered a local issuer for the  
9 purposes of this subsection.

10 I. Twelve and five-tenths percent (12.5%) of the state ceiling  
11 shall be reserved and placed in a pool to be designated the  
12 Metropolitan Area Housing Pool. Allocations from the Metropolitan  
13 Area Housing Pool may only be made to any public trust created to  
14 provide single-family housing having a county with a population in  
15 excess of three hundred thousand (300,000) as its sole beneficiary  
16 and which has issued tax exempt single-family housing revenue bonds  
17 in the amount of at least Four Hundred Million Dollars  
18 (\$400,000,000.00). Provided, no more than fifty percent (50%) of  
19 the amount allocated pursuant to this subsection shall be awarded to  
20 any single county.

21 J. Eight percent (8%) of the state ceiling shall be  
22 reserved and placed in a pool to be designated the Rural Area  
23 Housing Pool which shall be allocated to single-family  
24 projects undertaken by other local issuers in counties with

1 populations of three hundred thousand (300,000) persons or  
2 less on a first-come, first-serve basis with no single local  
3 issuer or project to receive an allocation in excess of four  
4 percent (4%) of the state ceiling.

5 K. Provided, however, that the percentage otherwise authorized  
6 by subsections A, B, C, D, E, F, G, H, I and J of this section shall  
7 be proportionately reduced by the amount of increase in the  
8 percentage authorized to the Oklahoma Housing Finance Agency as a  
9 result of a recommendation by the Oklahoma Strategic Military  
10 Planning Commission pursuant to paragraph 1 of subsection F of this  
11 section.

12 L. The state ceiling for each calendar year shall be allocated  
13 within the categories set forth in subsections A, B, C, D, E, F, G,  
14 H, I and J of this section to all private activity bonds, as  
15 follows:

16 1. Except as provided in Section 695.21 et seq. of this title,  
17 the state ceiling shall be allocated in the order in which  
18 confirmations are issued;

19 2. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management  
20 shall issue confirmations in the order in which fully and properly  
21 completed applications for state ceiling allocation are received.  
22 The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall  
23 have the limited authority to defer or deny confirmation on  
24 applications for state ceiling allocation which appear to be

1 incomplete or premature based upon information submitted or which  
2 fail to show demand for funds pursuant to subsections F and G of  
3 Section 695.25 of this title; and

4 3. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management  
5 shall have no discretionary control regarding the issuance of  
6 confirmations, except as specifically provided in the Oklahoma  
7 Private Activity Bond Allocation Act.

8 In the event a confirmation or application is denied, the ~~State~~  
9 ~~Bond Advisor~~ Deputy Treasurer for Debt Management, within five (5)  
10 business days following such denial, shall send written notice of  
11 such denial to the applicant together with a brief recital of the  
12 reason therefor.

13 M. 1. On September 2 of each calendar year, nonallocated sums  
14 remaining in the Economic Development Pool, Qualified Small Issue  
15 Pool, the Beginning Agricultural Producer Pool, the Exempt Facility  
16 Pool, the Student Loan Pool, the Oklahoma Housing Finance Agency  
17 Pool, the State Issuer Pool, the Local Issuer Single Family Pool,  
18 the Metropolitan Area Housing Pool and the Rural Area Housing Pool  
19 shall be consolidated into the Consolidated Pool.

20 2. All local issuers and state issuers shall be entitled to  
21 obtain allocations from the Consolidated Pool for any private  
22 activity bond or mortgage credit certificate program based on the  
23 chronological order of completed applications received after January  
24

1 1 of each calendar year which applications have not received an  
2 allocation.

3 SECTION 10. AMENDATORY 62 O.S. 2011, Section 695.25, is  
4 amended to read as follows:

5 Section 695.25. A. On January 1 of each calendar year or the  
6 first business day thereafter, the ~~State Bond Advisor~~ Deputy  
7 Treasurer for Debt Management shall determine the maximum total  
8 volume of private activity bonds that may be issued pursuant to  
9 federal law by the state during that year.

10 B. On or before February 15 of each calendar year, the ~~State~~  
11 ~~Bond Advisor~~ Deputy Treasurer for Debt Management shall cause to be  
12 published in The Oklahoma Register, or any successor publication, a  
13 notice specifying the amount of the state ceiling for the calendar  
14 year.

15 C. Allocations from the pools set forth in Section 695.24 of  
16 this title will be processed on the basis of the chronological order  
17 of receipt of completed applications for state ceiling allocation  
18 unless otherwise provided in said section, and on the basis of the  
19 information and provisions set forth in subsections D, E, F, G and H  
20 of this section. Allocations from the Consolidated Pool will be  
21 processed on the basis of the system set out in subsection M of  
22 Section 695.24 of this title and on the basis of information and  
23 provisions set forth in subsections D, E, F, G and H of this  
24 section.

1 D. An issuer which proposes to issue private activity bonds for  
2 a specific project or purpose shall make application for an  
3 allocation of a portion of the state ceiling for the particular  
4 project or purpose by submitting to the ~~State Bond Adviser~~ Deputy  
5 Treasurer for Debt Management an application for state ceiling  
6 allocation together with copies of the following:

7 1. A certified copy of the resolution or other action adopted  
8 by the issuer for the purpose of taking "official action" as  
9 required by the Treasury Regulations relating to Section 103 of the  
10 Internal Revenue Code, if the issuer of private activity bonds for  
11 which the allocation is requested requires "official action" under  
12 applicable Treasury Regulations and the Internal Revenue Code; and

13 2. A final resolution of the beneficiary of the issuer  
14 evidencing its approval of the issuance of the issuer's obligations,  
15 if the issuer is a municipal or county public trust, or a  
16 certificate signed by the Governor of the state evidencing his  
17 approval of the issuance of the issuer's obligations, to the extent  
18 required under the Internal Revenue Code, if the issuer is a public  
19 trust having the state as its beneficiary.

20 E. The application for state ceiling allocation shall contain  
21 the following information:

22 1. The name and mailing address of the issuer, the beneficiary  
23 and jurisdiction thereof, the name of the presiding officer of the  
24

1 issuer and the respective pool from which an allocation is  
2 requested;

3 2. The name and mailing address or other definitive description  
4 of the location of the project or bonds and the purpose for which an  
5 allocation of the state ceiling is requested, the name and mailing  
6 address of both the initial owner or operator of the project, where  
7 applicable, and an appropriate person from whom information  
8 regarding the project or bonds can be obtained, and the name and  
9 address of the person to whom the confirmation should be sent;

10 3. The amount of the state ceiling which the Issuer is  
11 requesting;

12 4. A statement of bond counsel for the issuer that the proposed  
13 issue requires, pursuant to Section 103, Section 146 or such other  
14 applicable sections of the Internal Revenue Code, an allocation of a  
15 portion of the state ceiling; and

16 5. Where applicable, the intention to exchange single-family  
17 mortgage bond authority for mortgage credit certificates.

18 F. 1. Applications for single-family mortgage bonds or  
19 mortgage credit certificate programs shall also include the  
20 submission of information demonstrating a reasonable expectation to  
21 use an allocation of the state ceiling for its intended purpose.  
22 This information shall include historical usage of mortgage revenue  
23 bond proceeds or mortgage credit certificates in the geographic area  
24 subject to an application over the previous twenty-four-month period

1 and the impact of known or possible competing programs that would  
2 act to reduce demand. This information may also include demand  
3 surveys. Provided, in cases where historical usage cannot be  
4 documented, demand surveys shall be included with an application.

5 2. Applications for qualified student loan bonds shall also  
6 include the submission of information showing a reasonable  
7 expectation to use the state ceiling for its intended purpose. This  
8 information shall include historical lending activity over the  
9 previous twenty-four-month period as well as a demonstration of need  
10 based upon such factors as increased enrollment costs, enrollment  
11 increases, or new federal regulations that act to increase demand by  
12 making changes to eligibility requirements to certain federally  
13 guaranteed or subsidized student loan programs. This information  
14 may also include demand surveys. Provided, in cases where  
15 historical usage cannot be documented, demand surveys shall be  
16 included with an application.

17 3. Applications shall also include evidence of a structure to  
18 deliver the financing derived from single-family mortgage bond  
19 proceeds or mortgage credit certificates or from qualified student  
20 loan bond proceeds to ultimate users, particularly the extent of  
21 lender participation in the case of mortgage revenue bonds or  
22 mortgage credit certificate programs.

23 G. 1. Upon receipt of the completed application for state  
24 ceiling allocation, copies of the official action and final

1 resolutions or certificates as required by subsection D of this  
2 section and the information required by subsections E and F of this  
3 section and assuming availability of the sum requested and  
4 compliance with the Oklahoma Private Activity Bond Allocation Act,  
5 the ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall  
6 send, within five (5) business days of the receipt thereof, a  
7 confirmation of the allocation of the state ceiling for the subject  
8 project or purpose to the person designated in the application for  
9 state ceiling allocation. Provided, the ~~State Bond Advisor~~ Deputy  
10 Treasurer for Debt Management may reject an application or deny a  
11 confirmation pursuant to the provisions of this subsection.

12 2. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management  
13 may reject any application which is incomplete or filed with  
14 insufficient information. The ~~State Bond Advisor~~ Deputy Treasurer  
15 for Debt Management may reject any application where, in the ~~State~~  
16 ~~Bond Advisor's~~ Deputy Treasurer for Debt Management judgment, a  
17 reasonable likelihood has not been shown that single-family mortgage  
18 and student loan bond proceeds or mortgage credit certificates will  
19 be used for their intended public purposes. In the event an  
20 application or confirmation is denied, within five (5) business days  
21 following such denial, the ~~State Bond Advisor~~ Deputy Treasurer for  
22 Debt Management shall send the applicant written notice of the  
23 denial of an application or confirmation together with the reason or  
24 reasons therefor. In the case of disapprovals of applications or



1 confirmations, an applicant may appeal the disapproval by submitting  
2 a new application to the Council of Bond Oversight, along with an  
3 explanation addressing the reasons for disapproval cited in the  
4 ~~State Bond Adviser's~~ Deputy Treasurer for Debt Management letter.  
5 The Council of Bond Oversight, through affirmative action of the  
6 Council, may accept an application rejected by the ~~State Bond~~  
7 ~~Adviser~~ Deputy Treasurer for Debt Management, or order the ~~State~~  
8 ~~Bond Adviser~~ Deputy Treasurer for Debt Management to issue a  
9 confirmation of allocation, subject to provisions of the Oklahoma  
10 Private Activity Bond Allocation Act. Applicants may submit only  
11 one new application based on an appeal of any specific application  
12 previously submitted.

13 3. Only complete applications, as determined by the ~~State Bond~~  
14 ~~Adviser~~ Deputy Treasurer for Debt Management, shall be used to  
15 establish the chronological order of applications. In the case of a  
16 new application submitted based on an appeal, chronological order  
17 shall be established at the time the new application is submitted.

18 H. An original confirmation shall cease to be effective to  
19 assure allocation of any portion of the state ceiling unless the  
20 bonds, notes, other evidences of indebtedness, or the appropriate  
21 election filed with the Internal Revenue Service exchanging mortgage  
22 bond authority for mortgage credit certificate authority have been  
23 issued or filed within one hundred twenty (120) days after the date  
24 of such confirmation. No extensions shall be granted. Such

1 issuance shall be evidenced by the mailing, transmittal or delivery  
2 of a final certification to the ~~State Bond Advisor~~ Deputy Treasurer  
3 for Debt Management within the time specified by this subsection.

4 Receipt by an issuer of a confirmation as contemplated by this  
5 section shall entitle the issuer to rely conclusively upon the  
6 accuracy of the ~~State Bond Advisor's~~ Deputy Treasurer for Debt  
7 Management's mathematical calculation and the allocation for  
8 purposes of closing.

9 I. The confirmation given in advance of bond issuance or  
10 mortgage credit certificate election will assure allocation for only  
11 the amount of such bonds or mortgage credit certificate authority as  
12 is therein set forth, unless a supplementary application for state  
13 ceiling allocation for an increase in amount is filed with and a  
14 supplementary confirmation is issued by the ~~State Bond Advisor~~  
15 Deputy Treasurer for Debt Management for such requested allocation  
16 prior to such bond issuance or such election, pursuant to the  
17 Oklahoma Private Activity Bond Allocation Act. The supplementary  
18 confirmation shall be effective for the same period as the prior  
19 confirmation which it supplements. Provided, however, no  
20 supplementary confirmation shall be effective to preempt any  
21 intervening confirmation as to allocation of a portion of the state  
22 ceiling.

23 J. Notwithstanding the provisions of this section, all  
24 confirmation dates for an issue of private activity bonds or

1 mortgage credit certificate programs expire on December 20 of each  
2 calendar year. Final certification of issuance shall be delivered  
3 to the ~~State Bond Adviser~~ Deputy Treasurer for Debt Management by  
4 9:00 a.m. on December 20 of each calendar year.

5 K. On or after 9:00 a.m. on December 20 of each calendar year,  
6 issuing authorities may apply to the ~~State Bond Adviser~~ Deputy  
7 Treasurer for Debt Management to carry forward a portion of the  
8 state ceiling for such calendar year allocated to any qualified  
9 carryforward project, as said term is used in Section 103(n)(10) and  
10 146(f) of the Internal Revenue Code and which shall be evidenced by  
11 the issuance of confirmations for all carryforward projects within  
12 the limitations of the state ceiling. Provided, issuers or projects  
13 with more than Twenty Million Dollars (\$20,000,000.00) of  
14 carryforward outstanding as of the date of the application for  
15 carryforward shall only be eligible for carryforward allocations to  
16 the extent other issuers with less than Twenty Million Dollars  
17 (\$20,000,000.00) of outstanding carryforward authority do not fully  
18 commit the state ceiling. Allocations on carryforward projects  
19 shall be processed on the basis of the chronological receipt of  
20 applications. No portion of the state ceiling carried forward for  
21 any given year may be carried forward for a period in excess of  
22 three (3) calendar years following the calendar year in which the  
23 carryforward arose, except as otherwise permitted under federal law.

1 L. ~~The State Bond Advisor~~ Deputy Treasurer for Debt Management  
2 shall maintain continuous and cumulative records which shall include  
3 a list and cumulative dollar total of the private activity bonds for  
4 which:

5 1. Private activity bonds have been issued or state ceiling  
6 exchanged for mortgage credit certificate authority and final  
7 certifications have been received by the ~~State Bond Advisor~~ Deputy  
8 Treasurer for Debt Management;

9 2. Confirmations of carryforward have been issued; and

10 3. Confirmations in effect and outstanding for which no private  
11 activity bonds or mortgage credit certificate elections have been  
12 issued or filed.

13 The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall  
14 keep continuous and cumulative records and totals for each of the  
15 categories specified in paragraphs 1, 2 and 3 of this subsection as  
16 well as the aggregate total of all categories. The ~~State Bond~~

17 ~~Advisor~~ Deputy Treasurer for Debt Management shall not give further  
18 confirmations at such time as the aggregate amount of bonds, other  
19 indebtedness, carryforward or mortgage credit certificate elections

20 specified by paragraphs 1, 2 and 3 of this subsection equals the  
21 state ceiling authorized for the applicable year. The ~~State Bond~~

22 ~~Advisor~~ Deputy Treasurer for Debt Management shall not award a

23 confirmation if such award would cause indebtedness, carryforward or  
24 elections as specified by paragraphs 1, 2 and 3 of this subsection

1 to exceed the state ceiling. Confirmation records shall be compiled  
2 and furnished to any local issuer and state issuer upon written  
3 request and payment of a fee of Fifteen Dollars (\$15.00) which shall  
4 be apportioned to the General Revenue Fund. Upon issuance of a  
5 confirmation, the amounts of the proposed bond issue, mortgage  
6 credit certificate election and carryforward confirmation shall be  
7 included in the continuing, mathematical calculation, until the same  
8 shall have been terminated in accordance with this section.

9 M. The person signing any confirmation for any allocations  
10 granted pursuant to the Oklahoma Private Activity Bond Allocation  
11 Act shall certify under penalty of perjury that such allocation was  
12 not made in consideration of any bribe, gift, gratuity or direct or  
13 indirect contribution to any political campaign.

14 N. A state or local issuer, who intentionally overissues  
15 mortgage credit certificates or bonds, shall be prohibited from  
16 making application for an allocation of the state ceiling for any  
17 purpose for a period of three (3) years following discovery of such  
18 over issuance.

19 SECTION 11. AMENDATORY Section 1, Chapter 278, O.S.L.  
20 2017 (62 O.S. Supp. 2018, Section 34.200-1), is amended to read as  
21 follows:

22 Section 34.200-1. A. The State ~~Bond Adviser~~ Treasurer in  
23 cooperation with the Office of Management and Enterprise Services  
24

1 shall produce a written debt affordability study (study) to be  
2 presented to the Legislature and the Governor.

3 B. The study shall be used to determine Oklahoma's debt  
4 position relative to its benchmark debt ratio of debt service as a  
5 percentage of revenues. The study shall incorporate information  
6 available in other sources, such as the Annual ~~Report of the~~  
7 ~~Oklahoma State Bond Advisor and the~~ Bonded Indebtedness Report  
8 produced by the State Treasurer, into an analysis of Oklahoma's debt  
9 position.

10 C. The study shall include the net tax-supported and net  
11 revenue-supported debt of this state for the most recently concluded  
12 fiscal year. It shall also include the debt for the most recently  
13 concluded fiscal year of state agencies and state-beneficiary public  
14 trusts which are authorized to issue debt.

15 D. The study shall include the following:

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

20 2. A discussion of Oklahoma's unfunded pension liabilities and  
21 the impact of these liabilities on the state's ability to borrow and  
22 cost of debt;

23 3. An identification and calculation of relevant metrics  
24 including, but not limited to, debt service as a percentage of

1 revenues, total debt as a percentage of state personal income, and  
2 total debt per capita;

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

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

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

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

23 F. The State ~~Bond-Advisor~~ Treasurer and the Office of  
24 Management and Enterprise Services shall report the results of the

1 study to the Legislature by transmitting a copy to the Speaker of  
2 the House of Representatives, the President Pro Tempore of the State  
3 Senate, and to the Governor on or before January 15 of each year.

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

6 SECTION 12. AMENDATORY 73 O.S. 2011, Section 156.1, is  
7 amended to read as follows:

8 Section 156.1. A. The Oklahoma Capitol Improvement Authority  
9 is authorized to issue bonds, notes, or other obligations for the  
10 purpose of refinancing or restructuring its outstanding obligations.

11 B. The bonds or other obligations issued pursuant to this  
12 section shall not at any time be deemed to constitute a debt of the  
13 state or of any political subdivision thereof or a pledge of the  
14 faith and credit of the state or any such political subdivision.

15 C. Such bonds or other obligations shall contain on the face  
16 thereof a statement that neither the faith and credit nor the taxing  
17 power of the state or any political subdivision thereof is pledged,  
18 or may hereafter be pledged to the payment of the principal of or  
19 the interest on such bonds.

20 D. To the extent funds are available from the proceeds of the  
21 borrowing authorized by this section, the Oklahoma Capitol  
22 Improvement Authority shall provide for the payment of professional  
23 fees and other associated costs approved by the ~~Oklahoma State Bond~~  
24 ~~Adviser~~ Deputy Treasurer for Debt Management. The Authority is



1 authorized to hire bond counsel, financial consultants, and such  
2 other professionals as it may deem necessary to provide for the  
3 efficient sale of the obligations and may utilize a portion of the  
4 proceeds of any borrowing to create such reserves as may be deemed  
5 necessary and to pay costs associated with the issuance and  
6 administration of such obligations.

7 E. An issuance of bonds under this section may be undertaken to  
8 achieve an overall debt service savings, modify restrictive bond  
9 document covenants, or reduce payment requirements during periods of  
10 fiscal stress. To achieve these objectives, the Authority is  
11 authorized to extend the final maturity of its outstanding  
12 obligations if necessary, but in no event shall the final maturity  
13 of an individual bond issue be extended more than ten (10) years  
14 without the approval of the Council of Bond Oversight.

15 F. The obligations authorized under this section may be sold at  
16 either competitive or negotiated sale, as determined by the  
17 Authority, and in such form and at such prices as may be authorized  
18 by the Authority. The Authority may issue obligations in one or  
19 more series and may set such other terms and conditions as may be  
20 necessary, in its judgment to achieve an efficient financing. The  
21 Authority may enter into agreements with such credit enhancers and  
22 liquidity providers as may be determined necessary to efficiently  
23 market the obligations, including the purchase of surety policies or  
24 other financial instruments to be utilized in lieu of reserve funds.

1 The obligations may mature and have such provisions for redemption  
2 as shall be determined by the Authority, but in no event shall the  
3 final maturity of such obligations occur later than thirty (30)  
4 years from the delivery date.

5 G. Any interest on the funds or accounts created for the  
6 purposes of this section may be utilized as partial payment of the  
7 annual debt service or for the purposes directed by the Authority.

8 H. The obligations issued under this section, the transfer  
9 thereof and the interest earned on such obligations, including any  
10 profit derived from the sale thereof, shall not be subject to  
11 taxation of any kind by the State of Oklahoma, or by any county,  
12 municipality or political subdivision therein.

13 I. The Authority may direct the investment of all monies in any  
14 funds or accounts created in connection with the offering of the  
15 obligations authorized under this section. Such investments shall  
16 be made in a manner consistent with the investment guidelines of the  
17 State Treasurer. The Authority may place additional restrictions on  
18 the investment of such monies if necessary to enhance the  
19 marketability of the obligations.

20 J. The obligations issued under this section shall be retired  
21 by payments made to the Oklahoma Capitol Improvement Authority from  
22 the various agencies that entered into leases and other agreements  
23 in connection with the original financings. To the extent required  
24

1 by the Authority, such agencies are authorized and directed to enter  
2 into new lease agreements with the Authority.

3 K. The Authority is hereby specifically authorized to purchase  
4 surety policies or other financial instruments to replace existing  
5 debt service reserves. Any payment for such policies or other  
6 instruments may be made from the cash reserves being replaced or any  
7 other legally available source.

8 L. The Oklahoma Department of Transportation shall make  
9 payments from the State Transportation Fund to pay obligations  
10 incurred pursuant to agreements with the Oklahoma Capitol  
11 Improvement Authority. It is the intent of the Oklahoma Legislature  
12 to maintain the funding level of the State Transportation Fund as  
13 required in order for the Department of Transportation to fully pay  
14 any and all obligations incurred by the Department of Transportation  
15 with respect to agreements entered into by the Department of  
16 Transportation and the Oklahoma Capitol Improvement Authority. With  
17 respect to other state agencies that have entered into agreements  
18 with the Oklahoma Capitol Improvement Authority, it is the intent of  
19 the Oklahoma Legislature to appropriate sufficient monies to make  
20 rental payments for the purposes of retiring the obligations created  
21 pursuant to this section.

22 M. Insofar as they are not in conflict with the provisions of  
23 this section, the provisions of Section 151 et seq. of ~~Title 73 of~~  
24 ~~the Oklahoma Statutes~~ this title shall apply to bonds issued

1 pursuant to this section, including the provision relating to the  
2 exclusive original jurisdiction of the Supreme Court of the State of  
3 Oklahoma.

4 SECTION 13. This act shall become effective November 1, 2019.

5 COMMITTEE REPORT BY: COMMITTEE ON FINANCE  
6 February 5, 2019 - DO PASS AS AMENDED  
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