

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3169

By: West (Kevin)

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5
6 AS INTRODUCED

7 An Act relating to the Commissioners of the Land
8 Office; requiring annual transfer of permanent school
9 funds to fund concurrent enrollment; limiting
10 expenditure to the Oklahoma State Regents for Higher
11 Education; prohibiting use of funds for any other
12 purpose; directing State Regents to determine amount
13 of funds; amending 64 O.S. 2011, Section 1069, as
14 last amended by Section 4, Chapter 250, O.S.L. 2013
15 (64 O.S. Supp. 2019, Section 1069), which relates to
16 proceeds from bonuses, royalties and other
17 inducements; creating the Concurrent Enrollment
18 Revolving Fund; providing for deposit of bonuses and
19 delay rental income; making the fund a continuing
20 fund; making deposit of income contingent upon
21 certain determination by the Commissioners; providing
22 for investment of monies in the fund; requiring
23 interest to be credited to the fund; amending 70 O.S.
24 2011, Section 18-200.1, which relates to the State
Aid Formula; providing certain exception in
calculating state apportionment portion of Foundation
Program Income; providing for codification; providing
an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 18-501 of Title 70, unless there
is created a duplication in numbering, reads as follows:

1 A. For the fiscal year ending June 30, 2021, and for each
2 fiscal year thereafter, and pursuant to the provisions of Section 3
3 of Article XI of the Oklahoma Constitution and other applicable
4 provisions of law, the Commissioners of the Land Office shall
5 transfer from the permanent school funds to the Oklahoma State
6 Regents for Higher Education the monies necessary to fund concurrent
7 enrollment in college or university courses for eligible high school
8 students. This money shall be expended by the Oklahoma State
9 Regents for Higher Education exclusively and shall not be used for
10 any other purpose.

11 B. The Oklahoma State Regents for Higher Education shall
12 determine the amount of funds necessary to fund concurrent
13 enrollment based on the performance of the revenues generated by the
14 permanent school fund which are not already allocated for the use
15 and benefit of the common schools.

16 SECTION 2. AMENDATORY 64 O.S. 2011, Section 1069, as
17 last amended by Section 4, Chapter 250, O.S.L. 2013 (64 O.S. Supp.
18 2019, Section 1069), is amended to read as follows:

19 Section 1069. A. The proceeds derived in bonuses and royalties
20 and from other inducements and considerations for the execution and
21 operation of the oil and gas leases as authorized in this title,
22 except oil and gas leases on state-owned lands set apart and
23 designated for the use, benefit, and occupancy of state educational
24 institutions, shall be for the use and benefit of the lands which

1 were granted by the United States to the State of Oklahoma, and to
2 the territory now comprising the area embraced within the state,
3 under the provisions of the Enabling Act and any and all other Acts
4 of Congress. Bonus and delay rental income received by the
5 Commissioners of the Land Office and other income as designated by
6 the Secretary of the Land Office for transfer and received by the
7 Commissioners of the Land Office may be distributed to current
8 beneficiaries in like manner as lease income received from surface
9 leases, except that if determined to be in the best interest of the
10 trust, the distributions may be made upon a schedule determined by a
11 five-year rolling average of bonus and delay rental income.

12 B. There is hereby created a revolving fund for the
13 Commissioners of the Land Office to be designated the "Multiyear
14 Education Distribution Stabilization Revolving Fund". The fund
15 shall be a continuing fund, not subject to fiscal year limitations,
16 and shall consist of bonus and delay rental income received by the
17 ~~Commission~~ Commissioners, if it is determined by the ~~Commission~~
18 Commissioners to be in the best interest of the trust to make
19 distributions of the income upon a five-year rolling average
20 schedule as authorized in subsection A of this section. Monies in
21 the fund may be invested by the State Treasurer in the manner
22 prescribed in Section 89.1a et seq. of Title 62 of the Oklahoma
23 Statutes. Interest income derived from the investment of monies in
24 the fund shall be credited to and placed in the fund.

1 C. There is hereby created a revolving fund for the
2 Commissioners of the Land Office to be designated the "Concurrent
3 Enrollment Revolving Fund". The fund shall be a continuing fund,
4 not subject to fiscal year limitations, and shall consist of bonus
5 and delay rental income received by the Commissioners, if it is
6 determined by the Commissioners to be in the best interest of the
7 trust to make distributions of the income upon a five-year rolling
8 average schedule as authorized in subsection A of this section.
9 Monies in the fund may be invested by the State Treasurer in the
10 manner prescribed in Section 89.1a et seq. of Title 62 of the
11 Oklahoma Statutes. Interest income derived from the investment of
12 monies in the fund shall be credited to and placed in the fund.

13 SECTION 3. AMENDATORY 70 O.S. 2011, Section 18-200.1, is
14 amended to read as follows:

15 Section 18-200.1 A. Beginning with the 1997-98 school year,
16 and each school year thereafter, each school district shall have its
17 initial allocation of State Aid calculated based on the state
18 dedicated revenues actually collected during the preceding fiscal
19 year, the adjusted assessed valuation of the preceding year and the
20 highest weighted average daily membership for the school district of
21 the two (2) preceding school years; however, the weighted membership
22 of nonresident, transferred pupils enrolled in online courses shall
23 be based on the weighted average daily membership of the preceding
24 school year. Each school district shall submit the following data

1 based on the first nine (9) weeks, to be used in the calculation of
2 the average daily membership of the school district:

- 3 1. Student enrollment by grade level;
- 4 2. Pupil category counts; and
- 5 3. Transportation supplement data.

6 On or before December 30, the State Department of Education
7 shall determine each school district's current year allocation
8 pursuant to subsection D of this section. The State Department of
9 Education shall complete an audit, using procedures established by
10 the Department, of the student enrollment by grade level data, pupil
11 category counts and transportation supplement data to be used in the
12 State Aid Formula pursuant to subsection D of this section by
13 December 1 and by January 15 shall notify each school district of
14 the district's final State Aid allocation for the current school
15 year. The January payment of State Aid and each subsequent payment
16 for the remainder of the school year shall be based on the final
17 State Aid allocation as calculated in subsection D of this section.
18 Except for reductions made due to the assessment of penalties by the
19 State Department of Education according to law, the January payment
20 of State Aid and each subsequent payment for the remainder of the
21 school year shall not decrease by an amount more than the amount
22 that the current chargeable revenue increases for that district.

23 B. The State Department of Education shall retain not less than
24 one and one-half percent (1 1/2%) of the total funds appropriated

1 for financial support of schools, to be used to make midyear
2 adjustments in State Aid and which shall be reflected in the final
3 allocations. If the amount of appropriated funds, including the one
4 and one-half percent (1 1/2%) retained, remaining after January 1 of
5 each year is not sufficient to fully fund the final allocations, the
6 Department shall recalculate each school district's remaining
7 allocation pursuant to subsection D of this section using the
8 reduced amount of appropriated funds.

9 C. On and after July 1, 1997, the amount of State Aid each
10 district shall receive shall be the sum of the Foundation Aid, the
11 Salary Incentive Aid and the Transportation Supplement, as adjusted
12 pursuant to the provisions of subsection G of this section and
13 Section 18-112.2 of this title; provided, no district having per
14 pupil revenue in excess of three hundred percent (300%) of the
15 average per pupil revenue of all districts shall receive any State
16 Aid or Supplement in State Aid.

17 The July calculation of per pupil revenue shall be determined by
18 dividing the district's second preceding year's total weighted
19 average daily membership (ADM) into the district's second preceding
20 year's total revenues excluding federal revenue, insurance loss
21 payments, reimbursements, recovery of overpayments and refunds,
22 unused reserves, prior expenditures recovered, prior year surpluses,
23 and less the amount of any transfer fees paid in that year.

24

1 The December calculation of per pupil revenue shall be
2 determined by dividing the district's preceding year's total
3 weighted average daily membership (ADM) into the district's
4 preceding year's total revenues excluding federal revenue, insurance
5 loss payments, reimbursements, recovery of overpayments and refunds,
6 unused reserves, prior expenditures recovered, prior year surpluses,
7 and less the amount of any transfer fees paid in that year.

8 D. For the 1997-98 school year, and each school year
9 thereafter, Foundation Aid, the Transportation Supplement and Salary
10 Incentive Aid shall be calculated as follows:

11 1. Foundation Aid shall be determined by subtracting the amount
12 of the Foundation Program Income from the cost of the Foundation
13 Program and adding to this difference the Transportation Supplement.

14 a. The Foundation Program shall be a district's highest
15 weighted average daily membership based on the first
16 nine (9) weeks of the current school year, the
17 preceding school year or the second preceding school
18 year of a school district, as determined by the
19 provisions of subsection A of Section 18-201.1 of this
20 title and paragraphs 1, 2, 3 and 4 of subsection B of
21 Section 18-201.1 of this title, multiplied by the Base
22 Foundation Support Level. However, for the portion of
23 weighted membership derived from nonresident,
24 transferred pupils enrolled in online courses, the

1 Foundation Program shall be a district's weighted
2 average daily membership of the preceding school year
3 or the first nine (9) weeks of the current school
4 year, whichever is greater, as determined by the
5 provisions of subsection A of Section 18-201.1 of this
6 title and paragraphs 1, 2, 3 and 4 of subsection B of
7 Section 18-201.1 of this title, multiplied by the Base
8 Foundation Support Level.

9 b. The Foundation Program Income shall be the sum of the
10 following:

11 (1) The adjusted assessed valuation of the current
12 school year of the school district, minus the
13 previous year protested ad valorem tax revenues
14 held as prescribed in Section 2884 of Title 68 of
15 the Oklahoma Statutes, multiplied by the mills
16 levied pursuant to subsection (c) of Section 9 of
17 Article X of the Oklahoma Constitution, if
18 applicable, as adjusted in subsection (c) of
19 Section 8A of Article X of the Oklahoma
20 Constitution. For purposes of this subsection,
21 the "adjusted assessed valuation of the current
22 school year" shall be the adjusted assessed
23 valuation on which tax revenues are collected
24 during the current school year, and

- 1 (2) Seventy-five percent (75%) of the amount received
2 by the school district from the proceeds of the
3 county levy during the preceding fiscal year, as
4 levied pursuant to subsection (b) of Section 9 of
5 Article X of the Oklahoma Constitution, and
6 (3) Motor Vehicle Collections, and
7 (4) Gross Production Tax, and
8 (5) State Apportionment, except for monies
9 distributed by the Commissioners of the Land
10 Office from the Concurrent Enrollment Revolving
11 Fund created by Section 2 of this act, and
12 (6) R.E.A. Tax.

13 The items listed in divisions (3), (4), (5), and (6)
14 of this subparagraph shall consist of the amounts
15 actually collected from such sources during the
16 preceding fiscal year calculated on a per capita basis
17 on the unit provided for by law for the distribution
18 of each such revenue.

19 2. The Transportation Supplement shall be equal to the average
20 daily haul times the per capita allowance times the appropriate
21 transportation factor.

- 22 a. The average daily haul shall be the number of children
23 in a district who are legally transported and who live
24 one and one-half (1 1/2) miles or more from school.

b. The per capita allowance shall be determined using the following chart:

	PER CAPITA		PER CAPITA	
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE	
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00	
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00	
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00	
.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00	
.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00	
.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00	
.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00	
.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00	
.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00	
.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00	
.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00	
.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00	
.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00	
.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00	
.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00	
.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00	
.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00	
.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00	
.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00	
.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00	

1	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
2	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
3	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
4	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
5	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
6	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
7	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
8	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
9	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
10	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
11	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

12 c. The formula transportation factor shall be 1.39.

13 3. Salary Incentive Aid shall be determined as follows:

14 a. Multiply the Incentive Aid guarantee by the district's
15 highest weighted average daily membership based on the
16 first nine (9) weeks of the current school year, the
17 preceding school year or the second preceding school
18 year of a school district, as determined by the
19 provisions of subsection A of Section 18-201.1 of this
20 title and paragraphs 1, 2, 3 and 4 of subsection B of
21 Section 18-201.1 of this title.

22 b. Divide the district's adjusted assessed valuation of
23 the current school year minus the previous year's
24 protested ad valorem tax revenues held as prescribed

1 in Section 2884 of Title 68 of the Oklahoma Statutes,
2 by one thousand (1,000) and subtract the quotient from
3 the product of subparagraph a of this paragraph. The
4 remainder shall not be less than zero (0).

5 c. Multiply the number of mills levied for general fund
6 purposes above the fifteen (15) mills required to
7 support Foundation Aid pursuant to division (1) of
8 subparagraph b of paragraph 1 of this subsection, not
9 including the county four-mill levy, by the remainder
10 of subparagraph b of this paragraph. The product
11 shall be the Salary Incentive Aid of the district.

12 E. By June 30, 1998, the State Department of Education shall
13 develop and the Department and all school districts shall have
14 implemented a student identification system which is consistent with
15 the provisions of subsections € D and Ð E of Section 3111 of Title
16 74 of the Oklahoma Statutes. The student identification system
17 shall be used specifically for the purpose of reporting enrollment
18 data by school sites and by school districts, the administration of
19 the Oklahoma School Testing Program Act, the collection of
20 appropriate and necessary data pursuant to the Oklahoma Educational
21 Indicators Program, determining student enrollment, establishing a
22 student mobility rate, allocation of the State Aid Formula and mid-
23 year adjustments in funding for student growth. This enrollment
24 data shall be submitted to the State Department of Education in

1 accordance with rules promulgated by the State Board of Education.
2 Funding for the development, implementation, personnel training and
3 maintenance of the student identification system shall be set out in
4 a separate line item in the allocation section of the appropriation
5 bill for the State Board of Education for each year.

6 F. 1. In the event that ad valorem taxes of a school district
7 are determined to be uncollectible because of bankruptcy, clerical
8 error, or a successful tax protest, and the amount of such taxes
9 deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or
10 an amount greater than twenty-five percent (25%) of ad valorem taxes
11 per tax year, or the valuation of a district is lowered by order of
12 the State Board of Equalization, the school district's State Aid,
13 for the school year that such ad valorem taxes are calculated in the
14 State Aid Formula, shall be determined by subtracting the net
15 assessed valuation of the property upon which taxes were deemed
16 uncollectible from the assessed valuation of the school district and
17 the state. Upon request of the local board of education, it shall
18 be the duty of the county assessor to certify to the Director of
19 Finance of the State Department of Education the net assessed
20 valuation of the property upon which taxes were determined
21 uncollectible.

22 2. In the event that the amount of funds a school district
23 receives for reimbursement from the Ad Valorem Reimbursement Fund is
24 less than the amount of funds claimed for reimbursement by the

1 school district due to insufficiency of funds as provided in Section
 2 193 of Title 62 of the Oklahoma Statutes, then the school district's
 3 assessed valuation for the school year that such ad valorem
 4 reimbursement is calculated in the State Aid Formula shall be
 5 adjusted accordingly.

6 G. 1. Notwithstanding the provisions of Section 18-112.2 of
 7 this title, a school district shall have its State Aid reduced by an
 8 amount equal to the amount of carryover in the general fund of the
 9 district as of June 30 of the preceding fiscal year, that is in
 10 excess of the following standards for two (2) consecutive years:

Total Amount of General Fund Collections, Excluding Previous Year Cash Surplus as of June 30	Amount of General Fund Balance Allowable
Less than \$1,000,000	40%
\$1,000,000 - \$2,999,999	35%
\$3,000,000 - \$3,999,999	30%
\$4,000,000 - \$4,999,999	25%
\$5,000,000 - \$5,999,999	20%
\$6,000,000 - \$7,999,999	18%
\$8,000,000 - \$9,999,999	16%
\$10,000,000 or more	14%

23 2. By February 1 the State Department of Education shall send
 24 by certified mail, with return receipt requested, to each School

1 District Superintendent, Auditor and Regional Accreditation Officer
2 a notice of and calculation sheet reflecting the general fund
3 balance penalty to be assessed against that school district.
4 Calculation of the general fund balance penalty shall not include
5 federal revenue. Within thirty (30) days of receipt of this written
6 notice the school district shall submit to the Department a written
7 reply either accepting or protesting the penalty to be assessed
8 against the district. If protesting, the school district shall
9 submit with its reply the reasons for rejecting the calculations and
10 documentation supporting those reasons. The Department shall review
11 all school district penalty protest documentation and notify each
12 district by March 15 of its finding and the final penalty to be
13 assessed to each district. General fund balance penalties shall be
14 assessed to all school districts by April 1.

15 3. Any school district which receives proceeds from a tax
16 settlement or a Federal Emergency Management Agency settlement
17 during the last two (2) months of the preceding fiscal year shall be
18 exempt from the penalties assessed in this subsection, if the
19 penalty would occur solely as a result of receiving funds from the
20 tax settlement.

21 4. Any school district which receives an increase in State Aid
22 because of a change in Foundation and/or Salary Incentive Aid
23 factors during the last two (2) months of the preceding fiscal year
24 shall be exempt from the penalties assessed in this subsection, if

1 the penalty would occur solely as a result of receiving funds from
2 the increase in State Aid.

3 5. If a school district does not receive Foundation and/or
4 Salary Incentive Aid during the preceding fiscal year, the State
5 Board of Education may waive the penalty assessed in this subsection
6 if the penalty would result in a loss of more than forty percent
7 (40%) of the remaining State Aid to be allocated to the school
8 district between April 1 and the remainder of the school year and if
9 the Board determines the penalty will cause the school district not
10 to meet remaining financial obligations.

11 6. Any school district which receives gross production revenue
12 apportionment during the 2002-2003 school year or in any subsequent
13 school year that is greater than the gross production revenue
14 apportionment of the preceding school year shall be exempt from the
15 penalty assessed in this subsection, if the penalty would occur
16 solely as a result of the gross production revenue apportionment, as
17 determined by the State Board of Education.

18 7. Beginning July 1, 2003, school districts that participate in
19 consolidation or annexation pursuant to the provisions of the
20 Oklahoma School Voluntary Consolidation and Annexation Act shall be
21 exempt from the penalty assessed in this subsection for the school
22 year in which the consolidation or annexation occurs and for the
23 next three (3) fiscal years.

24

1 8. Any school district which receives proceeds from a sales tax
2 levied by a municipality pursuant to Section 22-159 of Title 11 of
3 the Oklahoma Statutes or proceeds from a sales tax levied by a
4 county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes
5 during the 2003-2004 school year or the 2004-2005 school year shall
6 be exempt from the penalties assessed in this subsection, if the
7 penalty would occur solely as a result of receiving funds from the
8 sales tax levy.

9 9. For purposes of calculating the general fund balance
10 penalty, the terms "carryover" and "general fund balance" shall not
11 include federal revenue.

12 H. In order to provide startup funds for the implementation of
13 early childhood programs, State Aid may be advanced to school
14 districts that initially start early childhood instruction at a
15 school site. School districts that desire such advanced funding
16 shall make application to the State Department of Education no later
17 than September 15 of each year and advanced funding shall be awarded
18 to the approved districts no later than October 30. The advanced
19 funding shall not exceed the per pupil amount of State Aid as
20 calculated in subsection D of this section per anticipated Head
21 Start eligible student. The total amount of advanced funding shall
22 be proportionately reduced from the monthly payments of the
23 district's State Aid payments during the last six (6) months of the
24 same fiscal year.

1 I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,
2 notwithstanding any provision of law to the contrary, shall report
3 monthly to the State Department of Education the monthly
4 apportionment of the following information:

- 5 a. the assessed valuation of property,
- 6 b. motor vehicle collections,
- 7 c. R.E.A. tax collected, and
- 8 d. gross productions tax collected.

9 2. Beginning July 1, 1997, the State Auditor and Inspector's
10 Office, notwithstanding any provision of law to the contrary, shall
11 report monthly to the State Department of Education the monthly
12 apportionment of the proceeds of the county levy.

13 3. Beginning July 1, 1996, the Commissioners of the Land
14 Office, notwithstanding any provision of law to the contrary, shall
15 report monthly to the State Department of Education the monthly
16 apportionment of state apportionment.

17 4. Beginning July 1, 1997, the county treasurers' offices,
18 notwithstanding any provision of law to the contrary, shall report
19 monthly to the State Department of Education the ad valorem tax
20 protest amounts for each county.

21 5. The information reported by the Tax Commission, the State
22 Auditor and Inspector's Office, the county treasurers' offices and
23 the Commissioners of the Land Office, pursuant to this subsection
24

1 shall be reported by school ~~district~~ districts on forms developed by
2 the State Department of Education.

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

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

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9 57-2-10170 AB 12/20/19

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