

1 ENGROSSED HOUSE
2 BILL NO. 2046

By: McCall of the House

3 and

4 Simpson of the Senate
5

6 An Act relating to higher education funding
7 districts; enacting the Higher Education Institution
8 Local Funding Act; making legislative findings;
9 providing for construction of act as amendment
10 pursuant to Section 9B of Article X of the Oklahoma
11 Constitution; providing procedures for certain
12 institutions within The Oklahoma State System of
13 Higher Education to form district; providing for
14 creation of higher education funding district;
15 providing for resolution; prohibiting inclusion of
16 certain territory within higher education funding
17 districts; providing for election regarding formation
18 and boundary of district; requiring preparation of
19 map depicting district boundary; requiring county
20 assessor to provide information regarding net
21 assessed values and exempt property; requiring county
22 election board to provide precinct boundary map;
23 providing for election procedures; requiring payment
24 of election costs by institution of higher education;
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; restricting use
of revenues for certain purposes; prohibiting certain
revenues from being taken into consideration for
purposes of allocation by State Regents; providing
for expenditure of bond proceeds; providing for
applicability of Internal Revenue Code of 1986 with
respect to certain proceeds; prescribing maximum
maturity of bonds; providing for procedures for sale
of bonds; prescribing procedures for elections to
modify millage rates for operational expenditures;

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

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

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

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

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

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

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

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

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

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

22 B. No higher education funding district shall be allowed to
23 include the territory or establish any levy of any career technology
24 district, including any existing college career technology district,

1 that has been formed prior to the proposed formation of a higher
2 education funding district.

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

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

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

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

21 The county election board of the county or counties within which
22 the proposed higher education funding district is to be located
23 shall provide a precinct boundary map of the proposed area to the
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1 board of regents which has approved the resolution to call for a
2 vote to form and organize a higher education funding district.

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

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

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

1 by law shall also be included on the ballot, but the principal
2 amount of debt to be incurred, the projects to be constructed or
3 improved or acquired with the proceeds of the bonds, the maximum
4 maturity of the bonds and other information shall be included as
5 part of the ballot title if that question is submitted to the
6 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 D. All costs for elections related to higher education funding
12 districts shall be paid for by the institution of higher education
13 for the benefit of which the district is being created or, after
14 approval of such district, for the benefit of which the district was
15 created.

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

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

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

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

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

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

1 supplies for classrooms, upkeep of grounds and landscaping,
2 maintenance of physical plants such as heating and air conditioning
3 units, acquisition and maintenance of motor vehicles and such other
4 expenditures as may be approved by the board of regents pursuant to
5 such standards and procedures as the board of regents may establish.

6 B. None of the revenues derived from any millage rate imposed
7 within the boundary of a higher education funding district may be
8 used by an institution within The Oklahoma State System of Higher
9 Education to compete with the services or programs offered by any
10 existing career technology district which is either contiguous to
11 the boundary of the higher education funding district or located in
12 sufficiently close proximity to the higher education funding
13 district that the programs or services offered by such career
14 technology district would be duplicated or adversely impacted by the
15 expenditure of funds by the institution which causes the formation
16 of the higher education funding district pursuant to the provisions
17 of this act.

18 C. The Oklahoma State Regents for Higher Education shall not
19 take into consideration revenues derived from any millage levy
20 imposed pursuant to the provisions of the Higher Education
21 Institution Local Funding Act when allocating state-appropriated
22 funds for support of the institution which established a higher
23 education funding district pursuant to the provisions of this act.

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 pursuant to Section 9B of
11 Article X of the Oklahoma Constitution or enabling legislation
12 enacted pursuant to authority of that section.

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

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

1 prescribed by Section 9B of Article X of the Oklahoma Constitution
2 or enabling legislation enacted or administrative rules adopted
3 pursuant thereto.

4 SECTION 14. This act shall become effective November 1, 2021.

5 Passed the House of Representatives the 9th day of March, 2021.

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8 Presiding Officer of the House
of Representatives

9 Passed the Senate the ____ day of _____, 2021.

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12 Presiding Officer of the Senate