

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 58th Legislature (2021)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2046

By: McCall

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8                               COMMITTEE SUBSTITUTE

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

1 for expenditure of bond proceeds; providing for  
2 applicability of Internal Revenue Code of 1986 with  
3 respect to certain proceeds; prescribing maximum  
4 maturity of bonds; providing for procedures for sale  
5 of bonds; prescribing procedures for elections to  
6 modify millage rates for operational expenditures;  
7 prohibiting modification of sinking fund millage  
8 rates; providing for annexation or deannexation  
9 procedures with respect to territory of higher  
10 education funding district; providing for  
11 applicability of rules regarding annexation or  
12 deannexation of territory with respect to career  
13 technology districts; providing for codification; and  
14 providing an effective date.

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

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

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

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

The Legislature finds that providing access to additional  
sources of revenue for certain institutions within The Oklahoma  
State System of Higher Education is in furtherance of a policy for  
making postsecondary education accessible to more persons, providing

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

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

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

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

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

3 B. No higher education funding district shall be allowed to  
4 include the territory of any career technology district that has  
5 been formed prior to the proposed formation of a higher education  
6 funding district.

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

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

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

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

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

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

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

22       B. If there are to be any bonds or other evidence of  
23 indebtedness issued by the district contemporaneously approved at  
24 the election calling for the formation of the district or at any

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

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

14 D. All costs for elections related to higher education funding  
15 districts shall be paid for by the institution of higher education  
16 for the benefit of which the district is being created or, after  
17 approval of such district, for the benefit of which the district was  
18 created.

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

22 If approved by sixty percent (60%) or more of the voters at the  
23 election provided for by Section 7 of this act, there shall be  
24 created a higher education funding district which shall be governed

1 by the board of regents for the institution within The Oklahoma  
2 State System of Higher Education that has managerial control for the  
3 institution for the benefit of which the district has been created.

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

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

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

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

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

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

21 C. The Oklahoma State Regents for Higher Education shall not  
22 take into consideration revenues derived from any millage levy  
23 imposed pursuant to the provisions of the Higher Education  
24 Institution Local Funding Act when allocating state-appropriated



1 funds for support of the institution which established a higher  
2 education funding district pursuant to the provisions of this act.

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

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

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

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

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

21 After the formation of a higher education funding district  
22 authorized by this act, the question of modification of an  
23 operational millage rate may be submitted to the voters of the  
24 district by resolution of the board of regents of the institution

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

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

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

1 conducting the vote and implementing any changes in the boundary of  
2 the higher education funding district shall be the same as those  
3 prescribed by Section 9B of Article X of the Oklahoma Constitution  
4 or enabling legislation enacted or administrative rules adopted  
5 pursuant thereto.

6 SECTION 14. This act shall become effective November 1, 2021.  
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8 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/01/2021 - DO PASS,  
9 As Amended.  
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