

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

COMMITTEE SUBSTITUTE

FOR

SENATE BILL 1469

By: Haste

COMMITTEE SUBSTITUTE

An Act relating to public finance; creating the Oklahoma Public Infrastructure Districts Act; providing short title; allowing for the implementation of public infrastructure districts in Oklahoma following the passage of a proposed constitutional amendment by the voters of this state; authorizing the Legislature to allow municipalities to approve the creation of these districts which may incur indebtedness and issue public infrastructure bonds for the payment of costs associated with public improvements; defining terms; prohibiting a public infrastructure district to be formed without certain conditions; stipulating manner by which a public infrastructure district operates within a municipality; allowing for a municipality to establish criteria in determining the approval or rejection of a public infrastructure district; providing for construction and function of a public infrastructure district's board upon organization; establishing criteria for the governing document to be provided to the municipality prior to formation of the public infrastructure district; requiring a vote for amendment to governing documents; authorizing public infrastructure districts to issue bonds for the financing of costs associated with proposed public improvements within the district; creating a public infrastructure district bond; establishing criteria by which a bond may be issued by the district; preventing certain conditions to occur on the issuance of the bond; allowing for legal recourse under certain conditions; prohibiting the sale of bonds under certain conditions; allowing for administrative fees to be assessed for certain

1 associated costs; establishing mill rate pursuant to
2 the Oklahoma Constitution; requiring notice to be
3 filed with certain entities following formation
4 within certain time frame; allowing for a fee to be
5 assessed for nonpayment not to exceed certain limits;
6 authorizing the retention of municipal authority over
7 certain conditions within the public infrastructure
8 districts; requiring inclusion of all existing and
9 connected infrastructure between a municipality and a
10 public infrastructure district; requiring transfer of
11 certain infrastructure free of liens or financial
12 encumbrances; providing for civil action under
13 certain circumstances; establishing procedures for
14 legal action to occur; requiring certain notice to be
15 provided to purchaser of property within a public
16 infrastructure district prior to sale by seller;
17 establishing criteria for notice; providing for
18 codification; and providing a conditional effective
19 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 39-201 of Title 11, unless there
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Public
Infrastructure Districts Act".

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 39-202 of Title 11, unless there
is created a duplication in numbering, reads as follows:

The purpose of the Oklahoma Public Infrastructure Districts Act
is to implement the provisions of Section 1 of Enrolled Senate Joint
Resolution No. 16 of the 1st Session of the 59th Oklahoma

1 Legislature. Upon passage of the state question, the Legislature
2 shall authorize municipalities to approve the creation of public
3 infrastructure districts, which may incur indebtedness and issue
4 public infrastructure district bonds created in Section 7 of this
5 act to pay for all or part of the cost of public improvements within
6 such districts. The cost of all indebtedness so incurred shall be
7 levied and assessed by the board of trustees of a public
8 infrastructure district on the property benefited by such
9 improvements. The board shall collect the special assessments so
10 levied and use the same to reimburse the public infrastructure
11 district for the amount paid or to be paid by it on the bonds issued
12 for such improvements.

13 SECTION 3. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 39-203 of Title 11, unless there
15 is created a duplication in numbering, reads as follows:

16 As used in this act:

17 1. "Board" means the board of trustees of a public
18 infrastructure district as created by the governing document;

19 2. "District applicant" means the person proposing the creation
20 of the public infrastructure district to the municipality where the
21 proposed public infrastructure district shall reside;

22 3. "Division" means a portion within a public infrastructure
23 district:
24

1 a. that is relatively equal in number of eligible voters
2 or potential eligible voters to all other divisions
3 within the public infrastructure district, taking into
4 account existing or potential developments, which,
5 when completed, would increase or decrease the
6 population within the public infrastructure district,
7 and

8 b. which a member of the board represents;

9 4. "Governing document" means the document governing the public
10 infrastructure district presented by the district applicant to and
11 approved by the municipality before the creation of the public
12 infrastructure district;

13 5. "Public infrastructure bond" means a bond:

14 a. that is directly payable from and secured by ad
15 valorem property taxes that are levied:

16 (1) by the public infrastructure district that issues
17 the bond, and

18 (2) on taxable property within the district, and

19 b. that is the obligation of the public infrastructure
20 district, and

21 c. for which the ad valorem property tax levy repayment
22 of the bond does not exceed the mill rate limit
23 pursuant to Section 9 of this act for any fiscal year,
24 or

1 d. such bonds may also be revenue bonds secured by, inter
2 alia, fees or revenues of a specific project, and also
3 may include tax increment financing bonds.

4 A public infrastructure bond shall not mean an unlimited tax
5 general obligation bond;

6 6. "Public infrastructure district" means an area of a
7 municipality with defined limits and boundaries, created by a vote,
8 that operates separately and distinctly from the municipality and
9 subject to the provisions of this act including, but not limited to,
10 special assessments against the real property therein for the
11 financing or repayment of the costs of the public infrastructure
12 district's public improvements; and

13 7. "Surface property owner" means the owner or owners of record
14 of the surface of the property included in a proposed public
15 infrastructure district and may not be registered voters of the
16 property.

17 SECTION 4. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 39-204 of Title 11, unless there
19 is created a duplication in numbering, reads as follows:

20 A. Notwithstanding the other provisions of this act, a public
21 infrastructure district shall not be created unless:

22 1. A petition, if there are any registered voters within the
23 applicable area, is filed with the municipality that contains the
24 signatures of one hundred percent (100%) of registered voters within

1 the applicable area approving the creation of the public
2 infrastructure district; or

3 2. A petition is filed with the municipality that contains the
4 signatures of one hundred percent (100%) of surface property owners
5 within the applicable area consenting to the creation of the public
6 infrastructure district.

7 B. The municipality may impose limitations on the powers of the
8 public infrastructure district through the governing document.

9 C. 1. A public infrastructure district shall be separate and
10 distinct from the municipality in which it is contained.

11 2. a. Except as provided in subparagraph b of this
12 paragraph, or as may be agreed upon through an
13 intergovernmental agreement, any financial burden of a
14 public district shall:

15 (1) be borne solely by the public infrastructure
16 district, and

17 (2) not be borne by the municipality, county, or any
18 other public subdivision.

19 b. Notwithstanding subparagraph a of this paragraph, the
20 governing document may require:

21 (1) the district applicant to bear the initial costs
22 of the public infrastructure district, and
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1 (2) the public infrastructure district to reimburse
2 the district applicant for the initial costs the
3 municipality bears.

4 3. Any liability, judgment, or claim against a public
5 infrastructure district shall:

6 a. be the responsibility of the public infrastructure
7 district, and

8 b. not constitute a liability, judgment, or claim against
9 the state municipality, county, or any other political
10 subdivision.

11 4. The public infrastructure district, and not the
12 municipality, shall solely bear the responsibility of any
13 collection, enforcement, or foreclosure proceeding with regard to
14 any tax, fee, or assessment the public infrastructure imposes.

15 D. The municipality shall establish criteria in determining
16 whether to approve or disapprove the creation of a public
17 infrastructure district including, but not limited to:

18 1. Historical performance of the district applicant;

19 2. Compliance with the master plan of the municipality;

20 3. Credit worthiness of the district applicant;

21 4. Financial plan of the public infrastructure district; and

22 5. Proposed development within the public infrastructure
23 district.

1 E. 1. The proposed municipality shall incur no liability for
2 the rejection of the proposed creation of a public infrastructure
3 district.

4 2. Public infrastructure districts may levy taxes.

5 SECTION 5. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 39-205 of Title 11, unless there
7 is created a duplication in numbering, reads as follows:

8 A. The governing document of the public infrastructure district
9 shall:

10 1. Include a boundary description and a map of the public
11 infrastructure district, which may include, but not be limited to,
12 an estimate of the district's population;

13 2. Provide a description of proposed services;

14 3. Provide a financial plan for the proposed services, which
15 shall include the proposed operating revenue derived from tax
16 assessments, all proposed indebtedness for the district, and all
17 other necessary budgetary conditions;

18 4. Include a preliminary engineering and architectural survey
19 showing how the proposed services are to be provided;

20 5. Include a general description of the facilities to be
21 constructed and the standards of such construction, including a
22 statement of how the facility and service standards of the proposed
23 public infrastructure district are compatible with the facility and
24

1 service standards of any municipality or county within which all or
2 any portion of the proposed district is to be located;

3 6. Include a general description of the estimated cost of
4 acquiring land engineering services, legal services, administrative
5 services, and any other major expenses related to organization and
6 initial operation of the district;

7 7. State the number of board members;

8 8. Establish the electoral procedure of appointment for board
9 members as described in this section;

10 9. Detail any and all divisions within the public
11 infrastructure district;

12 10. Detail any and all applicable milestones established for
13 the public infrastructure district;

14 11. Provide notice of mill rate limit, as prescribed by Section
15 1 of Enrolled Senate Joint Resolution No. 16 of the 1st Session of
16 the 59th Oklahoma Legislature, for the public infrastructure
17 district;

18 12. Establish any applicable limitation on the principal amount
19 of indebtedness for the public infrastructure district;

20 13. Provide notice of the procedural process for the
21 authorization of the public infrastructure district to issue public
22 infrastructure district bonds as provided in this act;

23 14. Specify any funds created for any charges, fines, or fees
24 that the public infrastructure district may assess;

1 15. File annual reports with the municipality regarding the
2 public infrastructure district's actions; and

3 16. Include other information that the public infrastructure
4 district or the municipality determines to be necessary or
5 advisable.

6 B. The governing body of the municipality that approved the
7 creation of a public infrastructure district shall appoint the
8 initial members of the board of trustees of the public
9 infrastructure district, in accordance with the governing document.

10 C. Unless otherwise limited in the governing document, the
11 initial term of each member shall be either four (4) or six (6)
12 years, so as to provide for elections every two (2) years. After an
13 initial six-year term, such members shall serve for four (4) years.

14 D. 1. A board member may not be required to be a resident
15 within the boundaries of the public infrastructure district if:

- 16 a. all of the surface property owners consent to the
17 waiver of the residency requirement,
18 b. there are no residents within the boundaries of the
19 public infrastructure district, or
20 c. no qualified candidate timely files to be considered
21 for appointment to the board.

22 2. An individual who is not a resident within the boundaries of
23 the public infrastructure district may not serve as a board member
24 unless the individual is:

- a. an owner of land or an agent or officer of the owner of land within the boundaries of the public infrastructure district, and
- b. a registered voter at the individual's primary residence.

3. The district applicant or spouse or immediate family member of the district applicant shall not be appointed to the board, unless:

- a. one hundred percent (100%) of the surface property owners consent to the inclusion of the district applicant or spouse or immediate family member of the district applicant on the board, or
- b. there are no registered voters at the time of consideration for appointments to the board.

E. 1. The governing document shall provide for a transition from legislative body appointments by the municipality pursuant to subsection A of this section to a method of election of registered voters as established by the governing document.

2. Regardless of whether a board member is elected under paragraph 1 of this subsection, the position of each remaining board member shall continue to be appointed under subsection A of this section until the member's respective division or board position surpasses the density milestone pursuant to the governing document.

1 F. 1. Pursuant to paragraph 3 of this subsection, the board
2 may, in the board's discretion, but not more often than every four
3 (4) years, reestablish the boundaries of each division so that each
4 division that has reached a milestone specified in the governing
5 document, as provided in paragraph 10 of subsection A of this
6 section, has, as nearly as possible, the same number of eligible
7 voters.

8 2. In reestablishing division boundaries under paragraph 1 of
9 this subsection, the board shall consider existing or potential
10 developments within the divisions which, when completed, would
11 increase or decrease the number of eligible voters within the
12 division.

13 3. The governing document may prohibit the board from
14 reestablishing, without the consent of the municipality, the
15 division boundaries as described in paragraph 1 of this subsection.

16 G. The public infrastructure district shall not compensate a
17 board member for the member's service on the board.

18 H. 1. Except as otherwise provided in paragraph 2 of this
19 subsection, the board and the governing body of the municipality may
20 amend a governing document by each adopting a resolution that
21 approves the amended governing document.

22 2. As long as an amendment to a property tax mill limitation
23 does not exceed the tax mill limit as provided in Section 1 of
24

1 Senate Joint Resolution No. 16 of the 1st Session of the 59th
2 Oklahoma Legislature, such amendment requires:

3 a. that before the adoption of the resolution of the
4 municipality pursuant to paragraph 1 of this
5 subsection, the public infrastructure district shall
6 provide notice for a public hearing with at least one
7 member of the governing body of the municipality
8 attending the public hearing, or

9 b. the consent of:

10 (1) one hundred percent (100%) of surface property
11 owners within the boundaries of the public
12 infrastructure district, and

13 (2) one hundred percent (100%) of the registered
14 voters, if any, within the boundaries of the
15 public infrastructure district.

16 SECTION 6. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 39-206 of Title 11, unless there
18 is created a duplication in numbering, reads as follows:

19 A. A public infrastructure district may:

20 1. Issue a public infrastructure bond to pay all or part of the
21 capital costs related to:

22 a. acquiring, acquiring an interest in, improving,
23 constructing, installing, completing, or extending any
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- 1 of the public improvements, facilities, or property
2 for the benefit of the public infrastructure district,
3 b. the acquisition, construction, installation, or
4 completion of public improvements related to the
5 provision of residential or commercial developments,
6 and
7 c. the financing, acquisition, construction,
8 installation, or completion of public transportation;

9 2. Enter into an interlocal agreement pursuant to Section 1001
10 et seq. of Title 74 of the Oklahoma Statutes; provided, the
11 interlocal agreement shall not expand the powers of the public
12 infrastructure district;

13 3. Acquire completed or partially completed improvements for
14 fair market value as reasonably determined by:

- 15 a. the board,
16 b. the municipality, if required in the governing
17 document, or
18 c. a surveyor or engineer that a public infrastructure
19 district employs or engages to perform the necessary
20 engineering services for and to supervise the
21 construction or installation of the improvements; and

22 4. Contract with the municipality to provide administrative
23 services on behalf of the public infrastructure district, when
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1 agreed to by both parties, in order to achieve cost savings and
2 economic efficiencies, at the discretion of the municipality.

3 B. A public infrastructure district may issue additional public
4 infrastructure bonds as long as the public infrastructure district
5 follows the procedures as described in subsection B of Section 7 of
6 this act for each additional bond issued.

7 C. A public infrastructure district shall be subject to the
8 provisions of the Oklahoma Open Meeting Act and Oklahoma Open
9 Records Act.

10 SECTION 7. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 39-207 of Title 11, unless there
12 is created a duplication in numbering, reads as follows:

13 A. A public infrastructure district bond:

14 1. Shall mature within not more than thirty (30) years of the
15 date of issuance;

16 2. May not be secured by any improvement or facility paid for
17 by the public infrastructure district;

18 3. May not be subject to acceleration; and

19 4. May be refunded or refinanced in accordance with the
20 applicable laws of this state.

21 B. 1. A public infrastructure district may issue the public
22 infrastructure district bond:

23 a. with the consent of one hundred percent (100%) of
24 surface property owners within the boundaries of the

public infrastructure district and one hundred percent (100%) of the registered voters, if any, within the boundaries of the public infrastructure district, or
b. upon approval of a majority of the registered voters within the boundaries of the public infrastructure district voting in an election.

2. A public infrastructure district bond is:

- a. not subject to the limitations on a general obligation bond described in Section 411 et seq. of Title 62 of the Oklahoma Statutes, and
- b. subject to a limitation, if any, on the principal amount of indebtedness pursuant to the governing document.

C. The public infrastructure district bonds may be issued in denominations not less than Five Hundred Thousand Dollars (\$500,000.00) and in integral multiples above Five Hundred Thousand Dollars (\$500,000.00) of not less than One Thousand Dollars (\$1,000.00) each.

D. There shall be no limitation on the duration of revenues that a public infrastructure district may receive to cover any shortfall in the payment of principal of and interest on a bond that the public infrastructure issues.

1 E. A public infrastructure district shall not be considered a
2 municipality or county for purposes of Section 35 of Article X of
3 the Oklahoma Constitution.

4 F. The board, by resolution, may delegate to one or more
5 officers of the public infrastructure district the authority to:

6 1. Approve the final interest rate, price, principal amount,
7 maturity, redemption features, and other terms of the bond;

8 2. Approve and execute any document relating to the issuance of
9 a bond; and

10 3. Approve any contract related to the acquisition and
11 construction of the improvements, facilities, or property to be
12 financed with a bond.

13 G. Any person may contest the legality of the issuance of a
14 public infrastructure district bond or any provisions for the
15 security and payment of the bond after publication of the notice of
16 bond and resolution authorizing the bond; provided, however, legal
17 or equitable action brought with respect to any legislative acts or
18 proceedings in connection with the authorization or issuance of
19 bonds by a public infrastructure district shall be incontestable in
20 any court in this state after thirty (30) days from the date of
21 issuance.

22 H. The total amount of the public infrastructure district
23 indebtedness for all such divisions shall not exceed ten percent
24 (10%) of the forecasted assessed valuation of all taxable tangible

1 property in the public infrastructure district, as determined by
2 such market studies and forecasts as may be deemed acceptable to the
3 governing municipality in the governing document.

4 I. No board member of a public infrastructure district, or
5 spouse or immediate family member of such, shall purchase or own any
6 bonds issued by the public infrastructure district.

7 SECTION 8. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 39-208 of Title 11, unless there
9 is created a duplication in numbering, reads as follows:

10 A public infrastructure district may impose a fee or other
11 charge for an administrative service that the public infrastructure
12 district provides to pay costs associated with:

13 1. Acquiring, improving, or extending improvements, facilities,
14 or property; or

15 2. Legal fees.

16 SECTION 9. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 39-209 of Title 11, unless there
18 is created a duplication in numbering, reads as follows:

19 A. The property tax levy of a public infrastructure district
20 for all purposes may not exceed ten (10) mills on the dollar of
21 taxable value of taxable property in the district pursuant to
22 Section 1 of Senate Joint Resolution No. 16 of the 1st Session of
23 the 59th Oklahoma Legislature.

24

1 B. 1. Within thirty (30) days after the day on which a
2 municipality adopts the resolution creating the public
3 infrastructure district, the board shall record a notice with the
4 county clerk in the county in which property within the public
5 infrastructure district is located.

6 2. The notice shall include:

7 a. a description of the boundaries of the public
8 infrastructure district,

9 b. a copy of the governing documents on file at the
10 office of the municipality and applicable county
11 clerk's office, and

12 c. the maximum rate the public infrastructure district
13 may levy.

14 SECTION 10. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 39-210 of Title 11, unless there
16 is created a duplication in numbering, reads as follows:

17 A. In the event of nonpayment of any tax, fee, or charge that a
18 public infrastructure district imposes, the public infrastructure
19 district may impose a property tax penalty at an annual rate of no
20 more than seven percent (7%) in addition to any other lawful penalty
21 for nonpayment of property tax; provided, any penalty assessed for
22 nonpayment of a fee or charge shall not exceed the nonpayment
23 amount.
24

1 B. All funds derived from a penalty assessed for nonpayment
2 shall be deposited to a fund designated for use as provided in the
3 public infrastructure district's governing document.

4 SECTION 11. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 39-211 of Title 29, unless there
6 is created a duplication in numbering, reads as follows:

7 A. The municipality, as applicable, shall retain authority over
8 all zoning, planning, design specifications and design approvals,
9 and permitting within the public infrastructure district.

10 B. The inclusion of property within the boundaries of a public
11 infrastructure district does not preclude the inclusion of the
12 property within any other local district.

13 C. 1. All infrastructure that is connected to another
14 municipality's system:

15 a. belongs to that municipality, regardless of inclusion
16 within the boundaries of the public infrastructure
17 district, unless the public infrastructure district
18 and the municipality otherwise agree, and

19 b. shall comply with the design, inspection requirements,
20 and other standards of the municipality.

21 2. The public infrastructure district shall convey or transfer
22 the infrastructure described in paragraph 1 of this subsection free
23 of liens or financial encumbrances to the municipality or county in
24

1 which it resides, or a portion of its boundaries resides, at no cost
2 to the municipality or county.

3 SECTION 12. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 39-212 of Title 11, unless there
5 is created a duplication in numbering, reads as follows:

6 A. A person who contests a tax or fee or any proceeding to
7 create a public infrastructure district, levy a tax, or impose a fee
8 may bring a civil action in the district court of the county in
9 which the public infrastructure district is located against such
10 district or the municipality to:

11 1. Set aside the proceeding; or

12 2. Enjoin the levy, imposition, or collection of a tax or fee.

13 B. An action under subsection A of this section is the
14 exclusive remedy of a person who:

15 1. Claims an error or irregularity in a tax or fee or in any
16 proceeding to create a public infrastructure district, levy a tax,
17 or impose a fee; and

18 2. Challenges a bondholder's right to repayment.

19 C. A bond issued or to be issued with respect to a public
20 infrastructure district and any tax levied or fee imposed becomes
21 incontestable against any person who has not brought an action and
22 served a summons in accordance with this section.

23 D. 1. This section shall not be construed to prohibit a claim
24 of misuse of funds against a public infrastructure district.

1 2. a. Except as provided in subparagraph b of this
2 paragraph, an action in the nature of mandamus is the
3 sole form of relief available to a party challenging
4 the issue of funds.

5 b. The limitation in subparagraph a of this paragraph
6 shall not be construed to prohibit the filing of
7 criminal charges against or the prosecution of a party
8 for the misuse of funds.

9 SECTION 13. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 39-213 of Title 11, unless there
11 is created a duplication in numbering, reads as follows:

12 A. Each owner of real property that sells real property inside
13 the boundaries of the public infrastructure district, concurrently
14 with or prior to the execution of a contract to sell the property,
15 shall provide to the purchaser of the property a paper or electronic
16 copy with the following:

17 1. The public infrastructure district's governing document;

18 2. The maximum debt service the public infrastructure district
19 is permitted to impose;

20 3. The estimate of the property taxes levied by the
21 municipality that are applicable to the property for collection
22 during the year in which the sale occurs; and
23
24

1 4. A copy of the most current county assessor's property tax
2 certificate applicable to the property as an estimate of the sum of
3 additional property taxes levied.

4 B. Along with the information required in subsection A of this
5 section, the seller shall include a notice with the following
6 statement:

7 "This estimate only provides an estimation of the amount of the
8 new property taxes that may be due and owed after the property has
9 been reassessed and, in some instances, reclassified as residential
10 property. This estimate is not a statement of the actual and future
11 taxes that may be due. First year property taxes may be based on a
12 previous year's tax classification, which may not include the full
13 value of the property and, consequently, taxes may be higher in
14 subsequent years. A seller has complied with this disclosure
15 statement as long as the disclosure is based upon a good-faith
16 effort to provide accurate estimates and information."

17 SECTION 14. This act shall become effective upon certification
18 of election returns favoring passage of the constitutional amendment
19 proposed in Enrolled Senate Joint Resolution No. 16 of the 1st
20 Session of the 59th Oklahoma Legislature.

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