

1 ENGROSSED SENATE  
2 BILL NO. 1258

By: Pugh of the Senate

3 and

4 McBride of the House

5  
6 An Act relating to schools; amending 70 O.S. 2021,  
7 Section 1-117, which relates to a school district's  
8 general fund; updating statutory references; removing  
9 a requirement for the State Board of Education or  
10 State Board of Career and Technology Education to  
11 authorize certain expenditures; requiring a school  
12 district board of education to authorize certain  
13 expenditures; removing requirement for the State  
14 Board of Education to establish certain rules;  
15 updating statutory language; removing requirement for  
16 the Superintendent of Public Instruction to make  
17 certain certification; providing an effective date;  
18 and declaring an emergency.

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

20 SECTION 1. AMENDATORY 70 O.S. 2021, Section 1-117, is  
21 amended to read as follows:

22 Section 1-117. A. The general fund of any school district is  
23 hereby defined as a current expense fund and shall consist of all  
24 revenue or monies that can legally be expended within a certain  
specified fiscal year, but shall not be considered as including any  
money derived from a special building fund levy made in accordance  
with the provisions of Section 10 of Article X of the Oklahoma  
Constitution, nor shall it include any monies derived from the sale

1 of bonds issued under the provisions of Section 26 of Article X of  
2 the Oklahoma Constitution. All monies derived from the proceeds of  
3 the school levies made pursuant to the provisions of Section 9 of  
4 Article X of the Oklahoma Constitution shall be placed in the  
5 general fund provided by this section. Expenditures from the  
6 general fund shall be noncapital in nature. All monies derived from  
7 state-dedicated revenue, state-appropriated revenue unless otherwise  
8 provided for by law, and county sources shall be placed in the  
9 general fund provided for by this section. Except as provided for  
10 in subsections F, K, and L of this section, a district shall not be  
11 authorized to make capital expenditures as defined by this section  
12 from the general fund.

13 B. For purposes of this section, state-dedicated revenue shall  
14 be any registration or license fees, taxes, or penalties collected  
15 at the state level and distributed to common school districts.  
16 County sources shall be all funds collected by the county and  
17 distributed to common school districts but shall not include any  
18 funds derived from the building fund levy made in accordance with  
19 the provisions of Section 10 of Article X of the Oklahoma  
20 Constitution or funds derived from the sinking fund levy made in  
21 accordance with the provisions of Section 26 of Article X of the  
22 Oklahoma Constitution.

23 C. For the purposes of this section, a capital expenditure  
24 shall be an expenditure which results in the acquisition of fixed

1 assets or additions to fixed assets. Capital expenditures shall  
2 include, but shall not be limited to, purchases of land or existing  
3 buildings, purchases of real property, improvements of grounds and  
4 sites for construction purposes, all expenditures for construction  
5 of buildings ~~unless~~, including those expenditures authorized by ~~the~~  
6 ~~State Board of Education or the State Board of Career and Technology~~  
7 ~~Education upon application to the appropriate state board pursuant~~  
8 ~~to subsection~~ subsections F, K, and L of this section, additions to  
9 buildings, remodeling of buildings if such remodeling involves  
10 changes to roof structures or load-bearing walls, professional  
11 services, salaries and expenses of architects and engineers hired or  
12 assigned to capital projects except for such services, salaries, and  
13 expenses as are applicable in preparation for a bond issue,  
14 expenditures for the initial installation and extension of service  
15 systems and built-in heat or air equipment to existing buildings,  
16 expenditures for the replacement of a building which has been  
17 destroyed, installments and lease payments on property, ~~including~~  
18 ~~interest~~ that have a terminal date and result in the acquisition of  
19 property, and expenditures for preliminary studies made prior to the  
20 time that authority to proceed with a construction project is given  
21 if authority is received within the same fiscal year that the  
22 expenditure was made.

23 D. Noncapital expenditures shall include, but shall not be  
24 limited to, expenditures for maintenance, repair, and replacement of

1 property and equipment, initial or additional purchases of furniture  
2 and equipment, direct expenses for maintenance of plant, including  
3 grounds, salaries for maintenance of plant, including salaries for  
4 the upkeep of grounds, and repair and replacement of building  
5 structures which do not add to existing facilities and which do not  
6 involve changes in roof structures or load-bearing walls and which  
7 are not classified as a capital expenditure by this section.

8 E. The State Board of Education shall adopt and amend  
9 regulations regarding the classification, definition, and financial  
10 administration of funds, accounts, and expenditures in accordance  
11 with the requirements of this section.

12 F. A school district shall be authorized to make capital  
13 expenditures from the general fund to defray the cost of rebuilding  
14 a school building only if a school building or facility has been  
15 destroyed by a fire or natural disaster, such as flood, tornado, or  
16 other act of God, or by an act of a public enemy of the United  
17 States or this state and monies received by the district through  
18 insurance coverage, federal reimbursement, contributions, and  
19 allocation from the State Board of Education from the State Public  
20 Common School Building Equalization Fund are insufficient to rebuild  
21 the facility. Capital expenditures from the general fund pursuant  
22 to this subsection shall be limited to an amount necessary to defray  
23 the cost of rebuilding the facility which exceeds monies received by  
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1 the school district through insurance, federal reimbursement,  
2 contributions, and state allocations.

3 G. Schools which receive gifts ~~or~~, donations, or state-  
4 appropriated monies for the purpose of capital expenditures or  
5 projects shall place such monies in the building fund, as provided  
6 by Section 1-118 of this title, and not in the general fund. School  
7 districts which receive gifts, grants, or donations of monies for  
8 noncapital expenditures may place the monies in the general fund,  
9 and such monies shall not be required to be used during the year in  
10 which the money was received but may accumulate from year to year  
11 and shall not be considered a part of the general fund collections  
12 when calculating the general fund carryover as provided for in  
13 subsection G of Section 18-200.1 of this title.

14 H. School districts which receive monies from rental, sale, or  
15 lease of buildings, impact aid monies, or grants, gifts, or  
16 donations for capital purposes, whether from state, federal, or  
17 other sources, may place such monies in the building fund authorized  
18 by Section 1-118 of this title or the general fund authorized by  
19 this section.

20 I. Any construction of a building included as a capital  
21 expenditure from the general fund of a school district which is  
22 authorized and has had a contractual agreement concerning such  
23 construction executed prior to July 1, 1991, may be proceeded with  
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1 and completed as authorized prior to July 1, 1991, as a capital  
2 expenditure from such general fund.

3 J. School districts receiving revenues authorized by Section 9B  
4 of Article X of the Oklahoma Constitution shall be authorized to  
5 make capital expenditures from the general revenue fund no greater  
6 than the amount levied by the incentive millage.

7 K. Upon the approval of ~~the State Board of Education~~ its board  
8 of education, a school district shall be authorized to make capital  
9 expenditures as defined in this section from its general fund if:

10 1. A bond issue has been rejected at an election by the school  
11 district electors voting on that question within the current school  
12 year, as certified by the secretary of the county election board; or

13 2. The school district has voted indebtedness at any time  
14 within the preceding three (3) school years through the issuance of  
15 bonds or through approval by voters of issuance of new bonds for  
16 more than eighty-five percent (85%) of the maximum allowable  
17 pursuant to the provisions of Section 26 of Article X of the  
18 Oklahoma Constitution as shown on the school district budget filed  
19 with the State Board of Equalization for the current school year and  
20 certifications by the Attorney General prior to April 1 of the  
21 current school year. ~~The State Board of Education shall establish~~  
22 ~~the rules to administer the provisions of this subsection which~~  
23 ~~shall include, but not be limited to, specification of a maximum~~  
24 ~~amount of general fund monies to be used for capital expenditures,~~

1 ~~the purposes for which such funds may be expended, and the period of~~  
2 ~~time in which such funds shall be encumbered.~~

3 L. Other provisions of this section notwithstanding, a school  
4 district shall be authorized to make capital expenditures from the  
5 general fund if the total assessed property valuation per average  
6 daily attendance is less than sixty percent (60%) of the state  
7 average total assessed property valuation per average daily  
8 attendance and if, for each year in which general fund revenue is  
9 used for capital expenditures, the district has voted the five-mill  
10 building fund levy authorized in Section 10 of Article X of the  
11 Oklahoma Constitution and has voted indebtedness through the  
12 issuance of new bonds for at least eighty-five percent (85%) within  
13 the last three (3) years of the maximum allowable pursuant to the  
14 provisions of Section 26 of Article X of the Oklahoma Constitution  
15 as shown on the school district budget filed with the State Board of  
16 Equalization for the current school year and certifications by the  
17 Attorney General prior to April 1 of the school year. Provided, the  
18 maximum amount of general fund revenue used for capital expenditures  
19 pursuant to this subsection shall not exceed five percent (5%) of  
20 the total yearly revenue to the general fund. ~~Said~~ The fund may not  
21 be used for capital expenditures for more than five (5) consecutive  
22 years and may only be utilized for remodeling or construction of  
23 classroom facilities and such ancillary facilities to ~~said the~~  
24 classrooms as may be necessary. ~~Provided, further, the State~~

1 ~~Superintendent of Public Instruction shall certify in writing, prior~~  
2 ~~to the expenditure of the funds for which provision is made in this~~  
3 ~~subsection, that such expenditures are in compliance with the~~  
4 ~~provisions of this subsection.~~

5 SECTION 2. This act shall become effective July 1, 2024.

6 SECTION 3. It being immediately necessary for the preservation  
7 of the public peace, health, or safety, an emergency is hereby  
8 declared to exist, by reason whereof this act shall take effect and  
9 be in full force from and after its passage and approval.

10 Passed the Senate the 26th day of February, 2024.

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12 \_\_\_\_\_  
13 Presiding Officer of the Senate

14 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
15 2024.

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18 Presiding Officer of the House  
19 of Representatives  
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