

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 SENATE BILL 1258

By: Pugh

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5
6 AS INTRODUCED

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

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

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

23 Section 1-117. A. The general fund of any school district is
24 hereby defined as a current expense fund and shall consist of all
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

1 Constitution, nor shall it include any monies derived from the sale
2 of bonds issued under the provisions of Section 26 of Article X of
3 the Oklahoma Constitution. All monies derived from the proceeds of
4 the school levies made pursuant to the provisions of Section 9 of
5 Article X of the Oklahoma Constitution shall be placed in the
6 general fund provided by this section. Expenditures from the
7 general fund shall be noncapital in nature. All monies derived from
8 state-dedicated revenue, state-appropriated revenue unless otherwise
9 provided for by law, and county sources shall be placed in the
10 general fund provided for by this section. Except as provided for
11 in subsections F, K, and L of this section, a district shall not be
12 authorized to make capital expenditures as defined by this section
13 from the general fund.

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

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

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

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

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

1 the cost of rebuilding the facility which exceeds monies received by
2 the school district through insurance, federal reimbursement,
3 contributions, and state allocations.

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

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

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

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.

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