

An Act

ENROLLED HOUSE
BILL NO. 1438

By: Patzkowsky of the House

and

Kern, Frix, and Pederson of
the Senate

An Act relating to waters and water rights; amending 62 O.S. 2021, Section 2003, which relates to administration of Rural Economic Action Plan grant program; modifying monetary cap on the award of certain funds; amending 82 O.S. 2021, Section 1085.39, which relates to grant; modifying monetary cap on certain grants; and providing an effective date.

SUBJECT: Waters and water rights

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 2003, is amended to read as follows:

Section 2003. A. Monies appropriated by law to the Oklahoma Water Resources Board for the purpose of funding the Rural Economic Action Plan grant program and the Rural Economic Action Plan Water Projects Fund shall be administered by the Oklahoma Water Resources Board as provided by this section.

B. The monies referred to in subsection A of this section shall be distributed to eligible cities and towns, unincorporated areas or other qualified entities located within the areas represented by the following organizations:

1. Association of Central Oklahoma Governments (ACOG);
2. Association of South Central Oklahoma Governments (ASCOG);
3. Central Oklahoma Economic Development District (COEDD);

4. Eastern Oklahoma Economic Development District (EOEDD);
5. Grand Gateway Economic Development Association (GGEDA);
6. Indian Nations Council of Governments (INCOG);
7. Kiamichi Economic Development District (KEDDO);
8. Northern Oklahoma Development Association (NODA);
9. Oklahoma Economic Development Association (OEDA);
10. Southern Oklahoma Development Association (SODA); and
11. South Western Oklahoma Development Authority (SWODA).

C. The monies referred to in subsection A of this section shall not be expended for the benefit of cities or towns with a population in excess of seven thousand (7,000) persons according to the latest Federal Decennial Census. Funds may also be expended for any city or town with a population below seven thousand (7,000) persons based upon the current population estimate according to the U.S. Census Bureau. Funds may be expended for such cities and towns until the next following Federal Decennial Census. Any municipality may enter into an agreement with an entity described in subsection B of this section to apply for available funds described by this section if the municipality is located within the area served by the entity. Upon approval of the application, funds shall be paid to the municipality requesting the funds.

D. An entity described in subsection B of this section may apply for a grant to be used for the benefit of an unincorporated area within a county served by that entity if the area benefited does not contain a population in excess of seven thousand (7,000) persons. Any county may enter into an agreement with an entity described in subsection B of this section if the county is located within the area served by the entity. Upon approval of the application, funds shall be paid to the county requesting the funds.

E. The monies referred to in subsection A of this section may be expended for water quality projects, including but not limited to sewer line construction or repair and related storm or sanitary sewer projects, water line construction or repair, water treatment, water acquisition, distribution or recovery and related projects.

F. Any city or town with a population less than one thousand seven hundred fifty (1,750) persons according to the latest Federal Decennial Census shall have a higher priority for funds allocated by the Oklahoma Water Resources Board from the amount referred to in subsection A of this section than jurisdictions of greater size. Among such cities or towns, those municipalities having relatively weaker fiscal capacity shall have a priority for project funding in preference to other municipalities.

G. The Oklahoma Water Resources Board shall establish ten separate accounts containing one-tenth (1/10) of the amount annually appropriated to the Rural Economic Action Plan Water Projects Fund per account. Each account shall be available for distribution to qualified entities located within the area served by entities described in subsection A of Section 2007 of this title or for distribution to benefit unincorporated areas with the exception of one account which shall be divided equally into two subaccounts. Each one of the two subaccounts shall be available for distribution to qualified entities located within the respective jurisdiction of one of the entities described by subsection B of Section 2007 of this title or for distribution to benefit unincorporated areas. No funds deposited into one account or subaccount shall be transferred to any other account. The total expenditure from any one account or subaccount for each fiscal year may not exceed the amount of funds available to each account as may be provided by law.

H. No city, town or other entity to which funds will be awarded pursuant to this section shall be required to provide any form of match to obtain the funds, whether through cash, services or any other method.

I. The Oklahoma Water Resources Board shall not be allowed to retain any of the funds referred to in subsection A of this section for administration. All such funds shall be distributed to eligible entities as authorized by law.

J. In order to ensure fair and equitable distribution of the funds referred to in subsection A of this section, the Oklahoma Water Resources Board shall promulgate rules for administering, determining priority of, approving and funding applications for such funds. The rules shall implement the provisions of this section including the following:

1. No qualified entity shall be approved nor funded for more than ~~One Hundred Fifty Thousand Dollars (\$150,000.00)~~ Three Hundred Fifty Thousand Dollars (\$350,000.00) from such funds in any twelve-month period;

2. If a qualified entity has previously been approved for or received such funds and makes a subsequent application, that subsequent application may be assigned lower priority than an application by qualified entities who have not previously been approved for or received such funds;

3. In order to prevent substantially the same entity or area from receiving an undue advantage, a political subdivision and all its public trusts and similar subordinate entities together shall be treated as one and the same qualified entity; provided rural water or sewer districts shall not be construed to be subordinate entities of counties unless the effect would be to make multiple grants to substantially the same entity or service area; and

4. The Oklahoma Water Resources Board may establish limited time periods for processing applications for available funds.

SECTION 2. AMENDATORY 82 O.S. 2021, Section 1085.39, is amended to read as follows:

Section 1085.39. In furtherance of the purposes of Sections 1085.31 through 1085.49 of this title:

1. The Oklahoma Water Resources Board shall administer grants from any monies which may be available to the Water Resources Fund for furtherance of the purposes of Sections 1085.31 through 1085.49 of this title to eligible entities of the state with such conditions as shall in its discretion effectuate these purposes. For purposes of carrying out and implementing the provisions of this section, there is hereby created and established within the Water Resources Fund a grant account which shall contain such monies as may be available for purposes of carrying out the provisions of this section. No more than ten percent (10%) of such grants shall be used for planning purposes. All such eligible entities are hereby authorized to accept grants from the Board. No grant shall be made to any single eligible entity during any fiscal year in an amount exceeding twenty percent (20%) of the funds available for grants to eligible entities during that fiscal year nor shall such grant exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred Thousand Dollars (\$300,000.00). In the case of projects to which

more than one eligible entity is a party, no such grant shall be made exceeding in amount twenty percent (20%) of funds available for such purposes per participating eligible entity nor shall such grant exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred Thousand Dollars (\$300,000.00) per participating entity. In making such grants, the Board shall consider: The needs of the area to be served by the project and the benefit of the project to the area in relation to the needs of other areas requiring state assistance; the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the project, including interest; whether the political subdivision can reasonably finance the project without assistance from the state; and the relationship of the project to the overall statewide water and sewage treatment needs; and whether or not the applicant has taken all reasonable measures to limit waste and conserve water;

2. The Board shall prescribe such rules and regulations as may be necessary for determining the eligibility and priority of applicants for loans and grants and devise rules and regulations to insure fair and equitable distribution of said loans and grants; and promulgate and adopt such rules and regulations as may be necessary for purposes of expenditures and payments. Provided, no grant of funds shall be made unless such grant is necessary to assist public bodies in emergency situations. Provided also priorities for use of loan and grant money for a particular project shall be established by the state agency with primary responsibility. Provided further, that the Board shall not adopt any rule, regulation or condition requiring that a particular attorney or law firm be employed by any eligible entity in connection with such entity's grants or loans from the Board; and

3. The Board is hereby authorized to direct that up to fifty percent (50%) of the interest income from the investment of monies in the Statewide Water Development Revolving Fund and the Water Resources Fund Grant Account accruing from and after the date of this act be deposited in the Statewide Water Development Revolving Fund created under Section 1085.40 of this title.

The Board may adopt reasonable nondiscriminatory standards for selection of legal counsel.

SECTION 3. This act shall become effective November 1, 2025.

Passed the House of Representatives the 10th day of March, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the 29th day of April, 2025.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____