

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3025

By: Lowe

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 2021, Section 1-117, as amended by Section 1, Chapter 285, O.S.L. 2025 (70 O.S. Supp. 2025, Section 1-117), which relates to general fund expenditures; precluding school gift, grant, or donation monies received from being calculated in the general fund carryover for a certain time period; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2021, Section 1-117, as amended by Section 1, Chapter 285, O.S.L. 2025 (70 O.S. Supp. 2025, Section 1-117), is amended to read as follows:

Section 1-117. A. The general fund of any school district is 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 Constitution, nor shall it include any monies derived from the sale of bonds issued under the provisions of Section 26 of Article X of

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

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

22 C. For the purposes of this section, a capital expenditure  
23 shall be an expenditure which results in the acquisition of fixed  
24 assets or additions to fixed assets. Capital expenditures shall

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

21 D. Noncapital expenditures shall include, but shall not be  
22 limited to, expenditures for maintenance, repair, and replacement of  
23 property and equipment, initial or additional purchases of furniture  
24 and equipment, direct expenses for maintenance of plant including

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

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

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

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

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

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

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

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

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

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

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

subsection, that such expenditures are in compliance with the provisions of this subsection.

SECTION 2. This act shall become effective July 1, 2026.

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

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