

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

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JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB2765

By: Caldwell (Trey) et al of the House

Hall et al of the Senate

Title: Public finance; Budget and Finance Act of 2025; effective date.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Trey Caldwell

YEAS: 20

Bashore, Bennett, Boles, Burns, Caldwell (T), Fetgatter, Ford, Grego, Kane, Kendrix, Lawson, Manger, Miller, Newton, Osburn, Pfeiffer, Strom, West (J), West (K), West (T)

NAYS: 5

Blancett, Fugate, Munson, Provenzano, Ranson

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

May 19, 2025

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB2765

By: Hall et al of the Senate and Caldwell (Trey) et al of the House

Title: Public finance; Budget and Finance Act of 2025; effective date.

Recommendation: **DO PASS AS AMENDED BY CS**

AYES: 20

Daniels, Green, Hall, Haste, Howard, Jech, Murdock, Paxton, Pederson, Prieto, Pugh, Rader, Reinhardt, Rosino, Sacchieri, Seifried, Stanley, Stewart, Thompson, Weaver

NAYS: 4

Dossett, Goodwin, Hicks, Kirt

CONSTITUTIONAL PRIVILEGE: 0

Senator Chuck Hall, Chair

AMD HB2765 PCS - ADOPTED (Request No: 13673)

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2765

By: Caldwell (Trey) and Kane of
the House

and

Hall and Haste of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to State investing; amending 62 O.S. 2021, Sections 2401, as amended by Section 2, Chapter 375, O.S.L. 2024, 2402, and 2403, as amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024, Sections 2401, 2402, and 2403), which relate to the Invest in Oklahoma Program; reassigning the program from the Oklahoma Center for the Advancement of Science and Technology to the State Treasurer; authorizing certain types of investments within limitation; eliminating redundant language; providing new and modifying existing requirements and limitations associated with the Invest in Oklahoma Program; authorizing approval, consent, process development duties, and oversight responsibilities to certain Board; requiring and limiting certain actions of the State Treasurer; authorizing the investment of certain funds at certain levels; defining and limiting certain term; authorizing and limiting the promulgation and establishment of rules; amending 62 O.S. 2021, Section 71.1, which relates to the Cash Management and Investment Oversight Commission; renaming the Cash Management and Investment Oversight Commission the Invest in Oklahoma Board; restructuring Board membership, clarifying language; establishing specific authority and providing for the administration of the Board; modifying meeting frequency requirements; eliminating and modifying

1 certain reporting requirements; establishing certain
2 confirmation and approval authority and requirement;
3 amending 62 O.S. 2021, Section 89.2, which relates to
4 State Treasurer investments; modifying reporting
5 requirements; authorizing certain investment at
6 certain level; referencing defined term; authorizing
7 certain actions related to custodial accounts; and
8 providing an effective date.

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

9 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2401, as
10 amended by Section 2, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
11 Section 2401), is amended to read as follows:

12 Section 2401. A. ~~The Oklahoma Center for the Advancement of~~
13 ~~Science and Technology (OCAST)~~ State Treasurer shall create an
14 "Invest In Oklahoma" program to provide entities in this state with
15 funds for opportunities to invest in Oklahoma-based private equity
16 funds, venture capital funds ~~and,~~ growth funds. ~~Opportunities for~~
17 ~~investment shall also include private equity funds, venture capital~~
18 ~~funds and growth funds that make substantial investments in this~~
19 ~~state, and direct investments in Oklahoma companies to the extent~~
20 allowable under the Oklahoma Constitution.

21 B. ~~OCAST shall select venture capital and growth funds to~~
22 ~~qualify for investments within the Invest In Oklahoma Program~~
23 Subject to final approval of the Invest in Oklahoma Board, the State
24 Treasurer may retain directly or through a contractual relationship

1 qualified investment advisors and fiduciary managers to assist in
2 the selection of the investments authorized under this act. Prior
3 to submission for confirmation and approval, the State Treasurer's
4 Office shall confirm with Securities and Exchange Commission and
5 Oklahoma Securities Commission that the investment advisor or
6 fiduciary manager is in good standing. The Treasurer shall choose
7 an advisor or manager, based on factors including but not limited
8 to:

- 9 1. Rate of return;
- 10 2. Years of operation;
- 11 3. Sufficiency of capitalization;
- 12 4. Investment performance track record;
- 13 5. Differentiation and sustainability of investment strategy;
- 14 6. Fee structure;
- 15 7. Background of limited partners; ~~and~~
- 16 8. Ratio of capital invested in this state;
- 17 9. Investment professional with ten (10) or more years of
18 experience in venture capital, private equity and real estate
19 investing; and
- 20 10. Investment professional has experience with Oklahoma
21 investing.

22 C. ~~OCAST~~ The State Treasurer acting within parameters
23 established by the Invest in Oklahoma Board shall ~~exercise~~
24 ~~judgment.~~

1 1. Exercise judgment and care, under circumstances then
2 prevailing, which persons of prudence, discretion and intelligence
3 exercise in the management of their own affairs, for investment,
4 considering the probable safety of their capital as well as the
5 probable income to be derived when determining qualifying venture
6 capital and growth funds to ensure the funds are being appropriately
7 managed and invested.

8 ~~D. OCAST shall develop a request for proposal that includes the~~
9 ~~factors provided in subsection B of this section. OCAST shall~~
10 ~~maintain a list of available venture capital and growth funds which~~
11 ~~are participating in the Invest In Oklahoma Program in which public~~
12 ~~entities are encouraged to invest; and~~

13 2. Develop processes and procedures for requesting, accepting,
14 and decision criteria for proposals related to investments
15 authorized under the provisions of this act.

16 SECTION 2. AMENDATORY 62 O.S. 2021, Section 2402, is
17 amended to read as follows:

18 Section 2402. The following public entities are encouraged to
19 and may invest up to five percent (5%) of their rolling three (3)
20 year assets under management with the Invest In Oklahoma Program
21 approved venture capital and growth funds as provided in Section 2
22 of this act:

23 1. The Board of Investors of the Tobacco Settlement Endowment
24 Trust Fund;

2. The Commissioners of the Land Office;
3. The Teachers' Retirement System of Oklahoma;
4. The Oklahoma Public Employees Retirement System;
5. The Oklahoma Firefighters Pension and Retirement System;
6. The Oklahoma Police Pension and Retirement System;
7. The Oklahoma Law Enforcement Retirement System;
8. The ~~State of Oklahoma~~ Uniform Retirement System for Justices and Judges; and
9. The Department of Wildlife Conservation Retirement Fund.

B. The State Treasurer, acting within parameters established by the Invest in Oklahoma Board is authorized to and may place cash balance amounts in service with the Invest In Oklahoma program. For purposes of this subsection, the term "cash balance amounts" shall not include any monies deposited in or directed for deposit to:

1. The General Revenue Fund;
2. The Revenue Stabilization Fund;
3. The Education Reform Revolving Fund;
4. The Rate Preservation Fund;
5. Any Fund created under the Oklahoma Constitution;
6. Any fund from which the Legislature through law has authorized, appropriated, or transferred monies within the preceding three (3) fiscal years; or
7. Any revolving fund in the State Treasury specified for direct appropriation or authorization from the Legislature, or any

1 revolving fund assigned to a state agency, unless such state agency
2 specifically authorizes such investments from such fund and such
3 authorization was approved by Invest in Oklahoma Board.

4 SECTION 3. AMENDATORY 62 O.S. 2021, Section 2403, as
5 amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
6 Section 2403), is amended to read as follows:

7 Section 2403. ~~The Oklahoma Center for the Advancement of~~
8 ~~Science and Technology shall~~ State Treasurer may promulgate rules
9 and establish processes and procedures as needed to enforce
10 implement and administer the provisions of the Invest In Oklahoma
11 Act, provided such rules, processes, and procedures do not conflict
12 with or contradict directives or limitations established by Invest
13 in Oklahoma Board.

14 SECTION 4. AMENDATORY 62 O.S. 2021, Section 71.1, is
15 amended to read as follows:

16 Section 71.1. A. There is hereby created the ~~Cash Management~~
17 ~~and Investment Oversight Commission~~ Invest in Oklahoma Board. The
18 ~~Commission Board~~ shall consist of five (5) members as follows:

19 1. ~~The Director of the Office of Management and Enterprise~~
20 ~~Services~~ Governor, or designee;

21 2. ~~The Bank Commissioner~~ Lieutenant Governor, or designee;

22 3. ~~The Administrator of the Oklahoma Department of Securities~~
23 State Treasurer, or designee;

1 4. ~~One citizen member appointed by the Speaker of the House of~~
2 ~~Representatives who shall have a demonstrated expertise in public or~~
3 ~~private investment finance and~~ An appointee of the Speaker of the
4 House of Representatives who shall serve at the Speaker's pleasure;
5 and

6 5. ~~One citizen member appointed by the President Pro Tempore of~~
7 ~~the State Senate who shall be a certified public accountant or~~
8 ~~public accountant with a demonstrated expertise in public or private~~
9 ~~auditing procedures and~~ An appointee of the President Pro Tempore of
10 the State Senate who shall serve at the President Pro Tempore's
11 pleasure.

12 B. The appointed and designated members shall have no direct or
13 indirect business relationship with the State Treasurer or the State
14 Treasurer's Office.

15 C. The ~~Commission~~ Governor or Governor's designee shall ~~elect~~
16 ~~from its membership a~~ serve as chairperson and vice-chairperson.
17 ~~Such officers shall serve one-year terms and may be reelected.~~
18 ~~There shall be an Executive Review Committee of the Cash Management~~
19 ~~and Investment Oversight Commission consisting of the Director of~~
20 ~~the Office of Management and Enterprise Services, the Bank~~
21 ~~Commissioner and the Administrator of the Oklahoma Department of~~
22 ~~Securities or their respective designees. The Director of the~~
23 ~~Office of Management and Enterprise Services shall call a meeting to~~
24 ~~organize the Executive Review Committee. The Executive Review~~

1 ~~Committee shall elect from its membership a chairperson who shall~~
2 ~~serve for a period of one (1) year and who may be reelected. The~~
3 ~~Executive Review Committee shall meet at such times as it deems~~
4 ~~necessary for the performance of its duties.~~

5 D. The ~~Commission~~ Board shall hold regular meetings ~~at least~~
6 ~~once each~~ not less than one per quarter, and at such other times as
7 it deems necessary for the performance of its duties. The date,
8 time and place of the meetings shall be set by the chairperson. The
9 ~~Office of Management and Enterprise Services~~ State Treasurer shall
10 provide the administrative support required by the ~~Commission~~ Board.
11 The ~~Commission~~ Board shall be staffed by ~~the Office of Management~~
12 ~~and Enterprise Services~~ efforts under the control of the State
13 Treasurer who shall prepare all materials and information needed by
14 the ~~Commission~~ Board to perform its duties and responsibilities.
15 Meetings of the ~~Commission~~ and ~~of the Executive Review Committee of~~
16 ~~the Commission~~ Board shall be subject to the Oklahoma Open Meeting
17 Act, and their records shall be public records pursuant to the
18 Oklahoma Open Records Act.

19 E. The ~~Commission in conjunction with the State Auditor and~~
20 ~~Inspector~~ Board shall develop a standardized and uniform reporting
21 system which the State Treasurer shall use to make the reports
22 required by Section 89.7 of this title. The ~~Commission~~ Board shall
23 prescribe such forms in order to obtain an objective and accurate
24 analysis of the investment of state funds by the State Treasurer and

1 to obtain an accurate analysis of investment performance according
2 to an objective standard established by the ~~Commission~~ Board. The
3 ~~Commission~~ Board shall not be subject to the provisions of the
4 Administrative Procedures Act for purposes of developing the
5 reporting system required by this subsection. The ~~Commission~~ Board
6 shall review the reports prepared by the State Treasurer pursuant to
7 Section 89.7 of this title. The ~~Commission~~ Board shall review with
8 the State Treasurer investment strategies and practices and the
9 development of internal auditing procedures and practices. The
10 ~~Commission~~ Board shall review the reports submitted by the State
11 Treasurer and shall identify any event, transaction or trend which
12 the ~~Commission~~ Board determines to represent a violation or
13 potential violation of law or public policy regarding the investment
14 of state funds. The ~~Commission~~ Board shall specifically identify
15 its concerns or objections and shall communicate such concerns or
16 objections in writing to the State Treasurer.

17 F. The ~~Commission staff~~ State Treasurer shall ~~submit~~ maintain a
18 ~~written report~~ available to each member of the ~~Commission~~ for each
19 ~~month of the calendar year~~ Board which specifically identifies
20 entities with whom or with which the State Treasurer has transacted
21 business related to investment of any state funds ~~during the~~
22 ~~applicable reporting period~~. Any person or entity to whom or to
23 which any form of compensation has been or will be paid for services
24 rendered to the State Treasurer's Office related to the investment

1 of state funds shall be identified in ~~the~~ such report. ~~The~~ Such
2 report shall also be ~~submitted~~ available to the Director of the
3 Office of Management and Enterprise Services, the State Auditor and
4 Inspector, the Speaker of the House of Representatives, the
5 President Pro Tempore of the Senate and the Governor.

6 G. Members of the ~~Commission~~ Board shall serve without
7 compensation, except for travel, pursuant to the State Travel
8 Reimbursement Act, to be paid by the appointing authority.

9 ~~H. The Commission may make written recommendations for changes~~
10 ~~in legislation to the Legislature or in the policies or procedures~~
11 ~~and practices of the State Treasurer to the State Treasurer.~~

12 ~~I. The Commission Board shall determine the positions,~~
13 ~~including but not limited to the investment officer, in the State~~
14 ~~Treasurer's Office which shall require criminal background~~
15 ~~investigations by the Oklahoma State Bureau of Investigation The~~
16 ~~Bureau shall advise the State Treasurer and the Cash Management and~~
17 ~~Investment Oversight Commission the State Treasurer's Office which~~
18 ~~shall require criminal background investigations by the Oklahoma~~
19 ~~State Bureau of Investigation The Bureau shall advise the State~~
20 ~~Treasurer and the Cash Management and Investment Oversight~~
21 ~~Commission in writing of the results of the investigation~~ establish
22 and adopt investment parameters related to investments in Oklahoma-
23 based private equity funds, venture capital funds, growth funds, and
24 direct investments in Oklahoma companies authorized under the Invest

1 in Oklahoma program; provided that by a unanimous vote of the Board
2 such parameters may be exceeded with regard to investments to the
3 extent allowable under the Oklahoma Constitution.

4 I. The Board shall exercise confirmation and approval authority
5 over the appointment and contractual relationships of qualified
6 investment advisors and fiduciary managers engaged by the State
7 Treasurer to assist in the selection of the investments authorized
8 under the Invest in Oklahoma program.

9 SECTION 5. AMENDATORY 62 O.S. 2021, Section 89.2, is
10 amended to read as follows:

11 Section 89.2. A. The State Treasurer is directed to invest the
12 maximum amount of funds under control of the State Treasurer
13 consistent with good business practices. Except as otherwise
14 provided for by law, the investments shall earn not less than the
15 rate for comparable maturities on United States Treasury
16 obligations. Except as otherwise provided for by law, the State
17 Treasurer may purchase and invest only in:

18 1. Obligations of the United States Government, its agencies
19 and instrumentalities, or other obligations fully insured or
20 unconditionally guaranteed as to the payment of principal and
21 interest by the United States government or any of its agencies and
22 instrumentalities;

1 2. Collateralized or insured certificates of deposit and other
2 evidences of deposit at banks, savings banks, savings and loan
3 associations and credit unions located in this state;

4 3. Negotiable certificates of deposit issued by a nationally or
5 state-chartered bank, a savings bank, a savings and loan association
6 or a state-licensed branch of a foreign bank. Purchases of
7 negotiable certificates of deposit shall not exceed ten percent
8 (10%) of the cash available for investment which may be invested
9 pursuant to this section. Not more than one-half (1/2) of the ten
10 percent (10%) limit shall be invested in any one financial
11 institution specified in this paragraph;

12 4. Prime banker's acceptances which are eligible for purchase
13 by the Federal Reserve System and which do not exceed two hundred
14 seventy (270) days' maturity. Purchases of prime banker's
15 acceptances shall not exceed ten percent (10%) of the cash available
16 for investment which may be invested pursuant to this section. Not
17 more than three-fourths (3/4) of the ten percent (10%) limit shall
18 be invested in any one commercial bank pursuant to this paragraph;

19 5. Prime commercial paper which shall not have a maturity that
20 exceeds one hundred eighty (180) days nor represent more than ten
21 percent (10%) of the outstanding paper of an issuing corporation.
22 Purchases of prime commercial paper shall not exceed seven and one-
23 half percent (7 1/2%) of the cash available for investment which may
24 be invested pursuant to this section;

1 6. Investment grade obligations of state and local governments,
2 including obligations of Oklahoma state public trusts which possess
3 the highest rating from at least one nationally recognized rating
4 agency acceptable to the State Treasurer. Purchases of investment
5 grade obligations of state and local governments shall not exceed
6 ten percent (10%) of the cash available for investment which may be
7 invested pursuant to this section;

8 7. Repurchase agreements, provided that such agreements are
9 included within the written investment policy required by subsection
10 D of this section that have underlying collateral consisting of
11 those items and those restrictions specified in paragraphs 1 through
12 6 of this subsection;

13 8. Money market funds and short term bond funds regulated by
14 the Securities and Exchange Commission and which investments consist
15 of those items and those restrictions specified in paragraphs 1
16 through 7 of this subsection; and

17 9. Bonds, notes, debentures or other similar obligations of a
18 foreign government which the International Monetary Fund lists as an
19 industrialized country and for which the full faith and credit of
20 such nation has been pledged for the payment of principal and
21 interest; provided, that any such security shall be rated at least
22 A- or better by Standard & Poor's Corporation or A3 or better by
23 Moody's Investors Service, or an equivalent investment grade by a
24 securities ratings organization accepted by the National Association

1 of Insurance Commissioners; and provided further, that the total
2 investment in such foreign securities at any one time shall not
3 exceed five percent (5%) of the cash available for investment which
4 may be invested pursuant to this section. In no circumstance shall
5 investments be made in bonds, notes, debentures or any similar
6 obligations of a foreign government that:

7 a. is identified as a state sponsor of terrorism by the
8 United States Department of State, or

9 b. any authoritarian or totalitarian government the
10 sovereign powers of which are exercised through a
11 single person or group of persons who are not elected
12 by any form of legitimate popular voting.

13 B. Investments shall be made with judgment and care, under
14 circumstances then prevailing, which persons of prudence, discretion
15 and intelligence exercise in the management of their own affairs,
16 not for speculation, but for investment, considering the probable
17 safety of their capital as well as the probable income to be
18 derived.

19 C. The State Treasurer shall appoint an investment officer who
20 shall perform duties related to the investment of state funds in the
21 Office of the State Treasurer. The investment officer shall not
22 perform or supervise any accounting functions, data processing
23 functions or duties related to the documentation or settlement of
24 investment transactions.

1 D. Investments of public funds by the State Treasurer shall be
2 made in accordance with written policies developed by the State
3 Treasurer. The written investment policies shall address:

- 4 1. Liquidity;
- 5 2. Diversification;
- 6 3. Safety of principal;
- 7 4. Yield;
- 8 5. Maturity and quality; and
- 9 6. Capability of investment management.

10 The State Treasurer shall place primary emphasis on safety and
11 liquidity in the investment of public funds. To the extent
12 practicable taking into account the need to use sound investment
13 judgment, the written investment policies shall include provision
14 for utilization of a system of competitive bidding in the investment
15 of state funds. The written investment policies shall be designed
16 to maximize yield within each class of investment instrument,
17 consistent with the safety of the funds invested.

18 E. The Except as provided in subsection H of this section, the
19 State Treasurer shall select one custodial bank to settle
20 transactions involving the investment of state funds under the
21 control of the State Treasurer. The State Treasurer shall review
22 the performance of the custodial bank at least once every year. The
23 State Treasurer shall require a written competitive bid every five
24 (5) years. The custodial bank shall have a minimum of Five Hundred

1 Million Dollars (\$500,000,000.00) in assets to be eligible for
2 selection. Any out-of-state custodial bank shall have a service
3 agent in the State of Oklahoma so that service of summons or legal
4 notice may be had on such designated agent as is now or may
5 hereafter be provided by law. In order to be eligible for
6 selection, the custodial bank shall allow electronic access to all
7 transaction and portfolio reports maintained by the custodial bank
8 involving the investment of state funds under control of the State
9 Treasurer. The access shall be given to ~~both~~ the State Treasurer
10 ~~and to the Cash Management and Investment Oversight Commission~~. The
11 requirement for electronic access shall be incorporated into any
12 contract between the State Treasurer and the custodial bank.
13 Neither the State Treasurer nor the custodial bank shall permit any
14 of the funds under the control of the State Treasurer or any of the
15 documents, instruments, securities or other evidence of a right to
16 be paid money to be located in any place other than within a
17 jurisdiction or territory under the control or regulatory power of
18 the United States Government.

19 F. The investment policy shall specify the general philosophy,
20 policies and procedures to be followed in the investment of state
21 monies by the State Treasurer. The investment policy shall include,
22 but not be limited to, the following:

- 23 1. Policy objectives;
- 24 2. Performance measure objectives;

3. Authority for investment program;
4. Possible use of an investment advisory committee;
5. Reporting and documentation of investments;
6. Authorized investment instruments;
7. Diversification of investment risk;
8. Maturity limitations;
9. Selections of financial institutions;
10. Interest controls;
11. Safekeeping of investments;
12. Investment ethics; and
13. Formal adoption of policy.

~~G. The State Treasurer shall provide weekly reports of all investments made by the State Treasurer if requested by the Cash Management and Investment Oversight Commission, and list any commissions, fees or payments made for services regarding such investments. The reports required by this subsection shall be delivered to the Commission within three (3) business days of the end of the applicable week.~~ The State Treasurer may invest cash balance amounts as defined and limited by Section 2402 of this title in the Invest in Oklahoma program.

H. The State Treasurer is hereby authorized to establish internal custodial accounts within the State Treasury, and enter contractual relationships for custodial account services with

1 private institutions as needed, for the implementation and
2 administration of the Invest in Oklahoma program.

3 ~~H.~~ I. Not later than July 1 of each year, the State Treasurer
4 shall forward a copy of the written investment policy to the
5 Governor, the Speaker of the House of Representatives, the President
6 Pro Tempore of the Senate, the Attorney General, the Bank
7 Commissioner, and the Director of the Office of Management and
8 Enterprise Services. In addition, the State Treasurer shall
9 maintain one copy of the investment policy in the office of the
10 State Treasurer for public inspection during regular business hours.
11 Copies of any modifications to the investment policy shall be
12 forwarded to the Governor, Speaker of the House of Representatives,
13 President Pro Tempore of the Senate, and each member of the Cash
14 Management and Investment Oversight Commission.

15 SECTION 6. This act shall become effective November 1, 2025.
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17 60-1-13815 JM 05/19/25
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