

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 1401

By: Montgomery

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5  
6 AS INTRODUCED

7 An Act relating to public finance; enacting the  
8 Oklahoma Legacy Act; creating the Oklahoma Legacy  
9 Fund; providing for apportionment and deposit of  
10 monies into fund; providing for investment of funds;  
11 prescribing investment standard; authorizing State  
12 Treasurer to perform certain actions; defining term;  
13 providing for reinvestment of monies; authorizing  
14 administrative expenses; providing for transfer of  
15 monies to Common Schools Legacy Fund; creating Common  
16 Schools Legacy Fund; providing for deposit of monies;  
17 providing for reinvestment of monies; providing for  
18 transfer of monies to the State Department of  
19 Education; creating the Higher Education Legacy Fund;  
20 providing for apportionment and deposit of monies;  
21 providing for reinvestment of monies; providing for  
22 transfer of monies; requiring State Auditor and  
23 Inspector to conduct audits; requiring report to  
24 Governor and Legislature; providing for codification;  
providing an effective date; and declaring an  
emergency.

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

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 4201 of Title 62, unless there  
is created a duplication in numbering, reads as follows:

1 This act shall be known and may be cited as the "Oklahoma Legacy  
2 Act".

3 SECTION 2. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 4202 of Title 62, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. There is hereby created in the State Treasury a fund to be  
7 known and designated as the "Oklahoma Legacy Fund". The fund shall  
8 be a continuing fund, not subject to fiscal year limitations.

9 B. The Oklahoma Legacy Fund shall consist of:

10 1. Twenty percent (20%) of total actual revenue from the gross  
11 production tax on oil levied pursuant to Section 1001 of Title 68 of  
12 the Oklahoma State Statutes, for the fiscal year beginning July 1,  
13 2018, and for each fiscal year thereafter;

14 2. Twenty percent (20%) of total actual revenue from the gross  
15 production tax on natural gas levied pursuant to Section 1001 of  
16 Title 68 of the Oklahoma State Statutes, for the fiscal year  
17 beginning July 1, 2018, and for each fiscal year thereafter;

18 3. Any amounts accruing to the subfunds as prescribed by this  
19 section; and

20 4. Any amounts appropriated by the Legislature.

21 C. Monies in the Oklahoma Legacy Fund shall be managed with the  
22 care, skill, prudence, and diligence under the circumstances then  
23 prevailing that a prudent person acting in a like capacity and  
24 familiar with such matters would use in the conduct of an enterprise

1 of a like character and with like aims and by diversifying the  
2 investments of the system so as to minimize the risk of large  
3 losses, unless under the circumstances it is clearly prudent not to  
4 do so.

5 D. Funds shall be managed by the Office of the State Treasurer  
6 who may hire and retain staff for the purpose of managing such funds  
7 and use investment earnings in accordance with this act for the  
8 performance of such duties as may be required.

9 SECTION 3. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 4203 of Title 62, unless there  
11 is created a duplication in numbering, reads as follows:

12 A. Investment earnings shall consist of interest, dividends and  
13 realized capital gains to the extent applicable.

14 B. Until such time as the ten-year moving average of total  
15 investment earnings for the previous fiscal year shall equal the  
16 ten-year moving average of the collections from the gross production  
17 tax derived from the levy imposed by Section 1001 of Title 68 of the  
18 Oklahoma Statutes, ninety percent (90%) of the total investment  
19 earnings from the investment of the Oklahoma Legacy Fund shall be  
20 reinvested into the corpus of the Oklahoma Legacy Fund. Two percent  
21 (2%) may be used by the Office of the State Treasurer for the  
22 purpose of managing the Oklahoma Legacy Fund and its investments.  
23 Eight percent (8%) of the investment earnings from the Oklahoma  
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1 Legacy Fund shall be transferred to the credit of the Common Schools  
2 Legacy Fund.

3 SECTION 4. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 4204 of Title 62, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. There is hereby created a subfund of the Oklahoma Legacy  
7 Fund to be known and designated as the "Common Schools Legacy Fund".  
8 The fund shall be a continuing fund, not subject to fiscal year  
9 limitations.

10 B. The Common Schools Legacy Fund shall consist of:

11 1. All monies which would otherwise be apportioned to the  
12 Common Education Technology Fund, or pending adjustment to  
13 apportionments; and

14 2. Any amounts appropriated by the Legislature.

15 C. Until such time as the five-year moving average of total  
16 investment earnings from the Common Schools Legacy Fund shall equal  
17 the five-year moving average of deposits from the apportionment of  
18 revenues from the gross production tax pursuant to this section,  
19 ninety percent (90%) of the investment earnings shall be deposited  
20 to the credit of the Common Schools Legacy Fund and be reinvested,  
21 and ten percent (10%) of the investment earnings shall be  
22 transferred to the State Department of Education for appropriation  
23 through the State Aid Formula to common schools.

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1 D. At such time that the five-year moving average of investment  
2 earnings from the Common Schools Legacy Fund shall equal the five-  
3 year moving average of deposits to the Common School Legacy Fund  
4 from the gross production tax, ninety-five percent (95%) of the  
5 investment earnings shall be made available for apportionment to the  
6 common schools of the state for allocation through the State Aid  
7 Formula by the State Department of Education and five percent (5%)  
8 of the investment earnings shall be reinvested into the balance of  
9 the Oklahoma Legacy Fund.

10 SECTION 5. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 4205 of Title 62, unless there  
12 is created a duplication in numbering, reads as follows:

13 A. There is hereby created a subfund of the Oklahoma Legacy  
14 Fund to be known and designated as the Higher Education Legacy Fund.  
15 The fund shall be a continuing fund, not subject to fiscal year  
16 limitations.

17 B. The Higher Education Legacy Fund shall consist of:

18 1. All monies which would otherwise be apportioned to the  
19 Higher Education Capital Revolving Fund and the Oklahoma Student Aid  
20 Revolving Fund; and

21 2. Any amounts appropriated by the Legislature.

22 C. Until such time as the five-year moving average of total  
23 investment earnings from the Higher Education Legacy Fund shall  
24 equal the five-year moving average of deposits from the

1 apportionment of revenues from the gross production tax pursuant to  
2 this section, eighty-five percent (85%) of the investment earnings  
3 shall be deposited to the credit of the Higher Education Legacy Fund  
4 and be reinvested, five percent (5%) of the investment earnings  
5 shall be transferred to the Higher Education Research and  
6 Development Fund and ten percent (10%) of the investment earnings  
7 shall be transferred to the State Regents for Higher Education for  
8 apportionment to the universities and colleges of the State of  
9 Oklahoma.

10 D. At such time that the five-year moving average of investment  
11 earnings from the Higher Education Legacy Fund shall equal the five-  
12 year moving average of deposits to the Higher Education Legacy Fund  
13 from the gross production tax, forty percent (40%) of the investment  
14 earnings shall be transferred to the Higher Education Research and  
15 Development Fund, fifty percent (50%) of the investment earnings  
16 shall be transferred to the colleges and universities of the state  
17 for tuition assistance grants and five percent (5%) of the  
18 investment earnings shall be reinvested into the balance of the  
19 Higher Education Legacy Fund.

20 SECTION 6. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 4206 of Title 62, unless there  
22 is created a duplication in numbering, reads as follows:

23 The State Auditor and Inspector shall conduct an audit every two  
24 (2) years of the Oklahoma Legacy Fund, its subaccounts, and all

1 expenditures which are otherwise derived from the Oklahoma Legacy  
2 Fund and report any findings to the Governor, the Legislature, and  
3 make any documents pertaining to the audit publicly accessible.

4 SECTION 7. This act shall become effective July 1, 2017.

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

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