

1 ENGROSSED HOUSE  
2 BILL NO. 1583

By: Caldwell, Cleveland,  
Dunnington, Virgin, Bennett  
(Forrest), Echols, Osborn  
(Leslie) and Martin of the  
House

and

Loveless of the Senate

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9 An Act relating to public finance; providing for  
10 consolidation of the Office of the State Bond Advisor  
with the Office of the State Treasurer; providing for  
11 transfer of funds; providing for transfer of books,  
papers, records, property, functions, powers, duties  
and obligations; providing for transfer of personnel;  
12 providing for continuation of rules, regulations,  
acts, orders, determinations and decisions; amending  
13 62 O.S. 2011, Sections 695.7, as amended by Section  
5, Chapter 275, O.S.L. 2012 and 695.8a, as amended by  
14 Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
2016, Sections 695.7 and 695.8a), which relate to the  
15 Oklahoma State Bond Advisor and the Bond Oversight  
Revolving Fund; providing for employment of the State  
16 Bond Advisor by the State Treasurer; modifying  
provisions related to the selection of the State Bond  
17 Advisor by the Council of Bond Oversight; modifying  
provisions related to confirmation; modifying  
18 references to State Bond Advisor; defining term;  
requiring certain disclosure by public finance  
19 service providers; providing for disclosure of  
financial contributions in excess of specified dollar  
20 amount; imposing deadline; prescribing required  
content; requiring disclosure of financial  
21 contributions prior to selection of public finance  
service providers by certain governmental entities;  
22 requiring disclosure to be made to certain persons;  
providing exception; repealing 62 O.S. 2011, Section  
23 695.7a, as amended by Section 6, Chapter 275, O.S.L.  
2012 (62 O.S. Supp. 2016, Section 695.7a), which  
24 relates to the administration of the Office of the

1 State Bond Advisor; providing for codification; and  
2 providing an effective date.

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

5 SECTION 1. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 373 of Title 74, unless there is  
7 created a duplication in numbering, reads as follows:

8 A. The Office of the State Bond Advisor is hereby consolidated  
9 into the Office of the State Treasurer.

10 B. Any funds appropriated to, in the possession of, or  
11 allocated to the Office of the State Bond Advisor shall be deemed to  
12 be funds of and shall be transferred to the Office of the State  
13 Treasurer.

14 C. All books, papers, records, property, functions, powers,  
15 duties and obligations of the Office of the State Bond Advisor are  
16 hereby transferred to the Office of the State Treasurer.

17 D. All personnel of the Office of the State Bond Advisor are  
18 hereby transferred to the Office of the State Treasurer.

19 E. All rules, regulations, acts, orders, determinations and  
20 decisions pertaining to the functions and powers herein transferred  
21 and assigned to the Office of the State Treasurer, in force at the  
22 time of such transfer or assignment, shall continue in force and  
23 effect until duly modified or abrogated by the State Treasurer or  
24 until otherwise provided by law.

1 SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.7, as  
2 amended by Section 5, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2016,  
3 Section 695.7), is amended to read as follows:

4 Section 695.7 A. ~~1. The Council of Bond Oversight~~ State  
5 Treasurer shall engage the services of a person knowledgeable in the  
6 current state of the art of national and international standards for  
7 the issuance of obligations by governmental entities and experienced  
8 in the negotiation of fees for various goods and services requisite  
9 to or deemed desirable in the issuance of such obligations as well  
10 as the negotiation of other matters essential to provide the best  
11 current price and terms of the issuance of such obligations for the  
12 benefit of the State of Oklahoma ~~firms, farms, individuals and local~~  
13 ~~communities~~, who shall have the title "Oklahoma State Bond Advisor".

14 ~~2. When appointing~~ hiring a person to the position of Oklahoma  
15 State Bond Advisor, the ~~Council~~ State Treasurer shall conduct a  
16 national search in seeking requests for proposals for the position.  
17 ~~The person selected as the Oklahoma State Bond Advisor shall be~~  
18 ~~approved by an affirmative vote of three of the members of the~~  
19 ~~Council and appointed to the position, subject to the advice and~~  
20 ~~consent of the Senate.~~

21 ~~3. The Oklahoma State Bond Advisor may be removed for cause by~~  
22 ~~an affirmative vote of three of the members of the Council, after a~~  
23 ~~public hearing.~~

24

1 B. The Oklahoma State Bond Advisor may employ the necessary  
2 staff to carry out the duties of the Bond Advisor and the duties of  
3 the Council of Bond Oversight, with approval of the ~~Council~~. ~~The~~  
4 ~~Office of the State Bond Advisor shall be a separate state agency as~~  
5 ~~set forth in Section 695.7a of this title~~ State Treasurer.

6 C. 1. Except as provided in Section 695.8 of this title, prior  
7 to engaging the services of underwriters, bond or other legal  
8 counsel, financial advisors, consultants, a financial institution to  
9 serve as trustee, paying agent or in any fiduciary capacity in  
10 connection with any program, indenture or general resolution of the  
11 State Governmental Entity, or any other experts, except as provided  
12 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State  
13 Governmental Entity shall, in conjunction with a State Governmental  
14 Entity Financing, request proposals for such services from a  
15 plurality of persons engaged in the particular activity for such  
16 services and the selection of such persons shall be made on the  
17 basis of the response to the request which is the most economical  
18 and will provide competent service which furthers the best interest  
19 of the State Governmental Entity and the state. In negotiating  
20 requests for proposals to engage such services, the State  
21 Governmental Entity shall seek the advice and assistance of the  
22 Oklahoma State Bond Advisor. Under no circumstances shall  
23 proprietary inducements be granted. The Oklahoma State Bond Advisor  
24 shall provide assistance and advice to State Governmental Entities

1 with respect to the issuance of obligations by the State  
2 Governmental Entities, review, negotiate, and approve or disapprove  
3 the fees and expenses for goods and services requisite to or deemed  
4 desirable in the issuance of State Governmental Entity obligations  
5 and State Governmental Entity Financing and shall represent the  
6 interests of the state before rating agencies and credit enhancement  
7 providers.

8 2. Any State Governmental Entity ~~or Local Governmental Entity~~  
9 proposing to make a significant modification to the terms of any  
10 State Governmental Entity Financing, including modification of  
11 collateral by substitution, swap, or other derivative product shall  
12 first obtain the written approval of the Oklahoma State Bond  
13 Advisor. If the Oklahoma State Bond Advisor denies approval, the  
14 State Governmental Entity ~~or Local Governmental Entity~~ may request  
15 the Council of Bond Oversight to review and approve proposed  
16 modifications.

17 D. The Oklahoma State Bond Advisor shall serve as an advisor to  
18 the Governor and to the Legislature with respect to issuance of  
19 indebtedness reviewed by the Council and shall prepare an annual  
20 report to be submitted to the Governor, the President Pro Tempore of  
21 the Senate and the Speaker of the House of Representatives as of  
22 January 15 each year. The report shall contain a summary of the  
23 issuance of indebtedness by State Governmental Entities ~~and Local~~  
24 ~~Governmental Entities~~ during the preceding year ~~and such other~~

1 ~~information as the State Bond Advisor may be required to submit or~~  
2 ~~as may be relevant.~~

3 E. The Oklahoma State Bond Advisor or any member of the  
4 immediate family of the Oklahoma State Bond Advisor shall not have  
5 any direct or indirect financial or contractual relationship with  
6 any firm or corporation or any officer, partner or principal  
7 stockholder of any firm or corporation directly involved in public  
8 finance.

9 SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8a, as  
10 amended by Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
11 2016, Section 695.8a), is amended to read as follows:

12 Section 695.8a There is hereby created in the State Treasury a  
13 revolving fund for the Office of the State ~~Bond Advisor~~ Treasurer,  
14 to be designated the "Bond Oversight Revolving Fund". The fund  
15 shall be a continuing fund, not subject to fiscal year limitations,  
16 and shall consist of fees collected pursuant to Section 695.8 of  
17 this title and any other monies provided for by law. All monies  
18 accruing to the credit of said fund are hereby appropriated and may  
19 be budgeted and expended by the Office of the State ~~Bond Advisor~~  
20 Treasurer for expenses related to the Oklahoma Bond Oversight and  
21 Reform Act. Expenditures from said fund shall be made upon warrants  
22 issued by the State Treasurer against claims filed as prescribed by  
23 law with the Director of the Office of Management and Enterprise  
24 Services for approval and payment.

1 SECTION 4. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 695.10A of Title 62, unless  
3 there is created a duplication in numbering, reads as follows:

4 A. As used in this section, "public finance service provider"  
5 means underwriters, bond or other legal counsel, financial advisors,  
6 consultants, and financial institutions who serve as trustee, paying  
7 agent or in any fiduciary capacity, who seek to provide services to  
8 State Governmental Entities or Local Governmental Entities with  
9 regard to the issuance of bonds, notes or other evidences of  
10 indebtedness.

11 B. Any public finance service provider shall be required to  
12 make a disclosure, upon such form as the State Bond Advisor may  
13 prescribe, of any and all direct financial contributions made by the  
14 public finance service provider which exceed Five Thousand Dollars  
15 (\$5,000.00) in any calendar year on a cumulative basis to any  
16 nonprofit organization, regardless of its exempt status pursuant to  
17 the provisions of the Internal Revenue Code of 1986, as amended, the  
18 primary purpose of which is to provide services to one or more  
19 political subdivisions of the state or the membership of which  
20 consists primarily of public school administrators, common school  
21 districts or common school district boards of education, common  
22 school superintendents, career technology districts or career  
23 technology district governing boards, municipal government entities,  
24 county commissioners or other public officials or local government

1 entity having authority to issue debt obligations either directly or  
2 which is the beneficiary of a public trust organized pursuant to the  
3 provisions of Section 176 et. seq. of Title 60 of the Oklahoma  
4 Statutes.

5 C. In addition, the public finance service provider shall be  
6 required to make disclosure of any and all direct financial  
7 contributions which exceed One Hundred Dollars (\$100.00) on a  
8 cumulative basis during any calendar year made to any elected  
9 officials or employees of a State Governmental Entity or Local  
10 Governmental Entity to which financial services are to be provided  
11 in connection with issuance of debt obligations or contributions  
12 made to any individuals associated with any of the nonprofit  
13 organizations described by subsection B of this section.

14 D. The disclosure shall be filed annually with the Oklahoma  
15 State Bond Advisor not later than January 15, or the first business  
16 day after such date if January 15 is not a date upon which the State  
17 Treasurer's office is open for business, and shall include an  
18 itemized description of all direct financial contributions made to  
19 any and all of the entities described by subsections B and C of this  
20 section by the public finance service provider during the  
21 immediately preceding calendar year.

22 E. Any public finance service provider shall submit a copy of  
23 the most recent disclosure document on file with the Oklahoma State  
24 Bond Advisor as required pursuant to subsection D of this section



1 prior to the selection of a public finance service provider by any  
2 county, city, town, common school district, career technology  
3 district or other local government entity or any public trust  
4 organized pursuant to the provisions of Section 176 et seq. of Title  
5 60 of the Oklahoma Statutes having one or more political  
6 subdivisions as its beneficiary or beneficiaries, with respect to  
7 the issuance of any obligations described by subsection A of this  
8 section. The disclosure document shall be provided to each member  
9 of the governing board of the unit of local government to which  
10 services will be provided and, if applicable, to each member of the  
11 board of trustees of any public trust as described in this  
12 subsection to which public finance services will be provided. If  
13 the board of trustees of such public trust is comprised of persons  
14 who are also members of the governing board of the unit of local  
15 government, the disclosure document may be provided to the members  
16 of the governing board of the unit of local government and the  
17 document will not be required to be provided to any member of the  
18 board of trustees of the public trust unless such person is not a  
19 member of the governing board of the unit of local government.

20 SECTION 5. REPEALER 62 O.S. 2011, Section 695.7a, as  
21 amended by Section 6, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2016,  
22 Section 695.7a), is hereby repealed.

23 SECTION 6. This act shall become effective November 1, 2017.  
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1 Passed the House of Representatives the 14th day of March, 2017.

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4 Presiding Officer of the House  
of Representatives

5 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2017.

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9 Presiding Officer of the Senate