

1 **SENATE FLOOR VERSION**

2 April 12, 2017

3 **AS AMENDED**

4 ENGROSSED HOUSE  
5 BILL NO. 1583

6 By: Caldwell, Cleveland,  
7 Dunnington, Virgin, Bennett  
8 (Forrest), Echols, Osborn  
9 (Leslie) and Martin of the  
10 House

11 and

12 Loveless, Sparks and  
13 Griffin of the Senate

14 **[ public finance - consolidation of the Office of the**  
15 **State Bond Advisor with the Office of the State**  
16 **Treasurer - repealer - codification - effective date ]**

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

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

21 A. The Office of the State Bond Advisor is hereby consolidated  
22 into the Office of the State Treasurer.

23 B. Any funds appropriated to, in the possession of, or  
24 allocated to the Office of the State Bond Advisor shall be deemed to  
be funds of and shall be transferred to the Office of the State  
Treasurer.

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

4 D. All personnel of the Office of the State Bond Advisor are  
5 hereby transferred to the Office of the State Treasurer.

6 E. All rules, regulations, acts, orders, determinations and  
7 decisions pertaining to the functions and powers herein transferred  
8 and assigned to the Office of the State Treasurer, in force at the  
9 time of such transfer or assignment, shall continue in force and  
10 effect until duly modified or abrogated by the State Treasurer or  
11 until otherwise provided by law.

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

15 Section 695.7 A. ~~1. The Council of Bond Oversight~~ State  
16 Treasurer shall engage the services of a person knowledgeable in the  
17 current state of the art of national and international standards for  
18 the issuance of obligations by governmental entities and experienced  
19 in the negotiation of fees for various goods and services requisite  
20 to or deemed desirable in the issuance of such obligations as well  
21 as the negotiation of other matters essential to provide the best  
22 current price and terms of the issuance of such obligations for the  
23 benefit of the State of Oklahoma ~~firms, farms, individuals and local~~  
24 ~~communities~~, who shall have the title "Oklahoma State Bond Advisor".

1       ~~2.~~ When ~~appointing~~ hiring a person to the position of Oklahoma  
2 State Bond Advisor, the ~~Council~~ State Treasurer shall conduct a  
3 national search in seeking requests for proposals for the position.  
4 ~~The person selected as the Oklahoma State Bond Advisor shall be~~  
5 ~~approved by an affirmative vote of three of the members of the~~  
6 ~~Council and appointed to the position, subject to the advice and~~  
7 ~~consent of the Senate.~~

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

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

16       C. 1. Except as provided in Section 695.8 of this title, prior  
17 to engaging the services of underwriters, bond or other legal  
18 counsel, financial advisors, consultants, a financial institution to  
19 serve as trustee, paying agent or in any fiduciary capacity in  
20 connection with any program, indenture or general resolution of the  
21 State Governmental Entity, or any other experts, except as provided  
22 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State  
23 Governmental Entity shall, in conjunction with a State Governmental  
24 Entity Financing, request proposals for such services from a

1 plurality of persons engaged in the particular activity for such  
2 services and the selection of such persons shall be made on the  
3 basis of the response to the request which is the most economical  
4 and will provide competent service which furthers the best interest  
5 of the State Governmental Entity and the state. In negotiating  
6 requests for proposals to engage such services, the State  
7 Governmental Entity shall seek the advice and assistance of the  
8 Oklahoma State Bond Advisor. Under no circumstances shall  
9 proprietary inducements be granted. The Oklahoma State Bond Advisor  
10 shall provide assistance and advice to State Governmental Entities  
11 with respect to the issuance of obligations by the State  
12 Governmental Entities, review, negotiate, and approve or disapprove  
13 the fees and expenses for goods and services requisite to or deemed  
14 desirable in the issuance of State Governmental Entity obligations  
15 and State Governmental Entity Financing and shall represent the  
16 interests of the state before rating agencies and credit enhancement  
17 providers.

18 2. Any State Governmental Entity ~~or Local Governmental Entity~~  
19 proposing to make a significant modification to the terms of any  
20 State Governmental Entity Financing, including modification of  
21 collateral by substitution, swap, or other derivative product shall  
22 first obtain the written approval of the Oklahoma State Bond  
23 Advisor. If the Oklahoma State Bond Advisor denies approval, the  
24 State Governmental Entity ~~or Local Governmental Entity~~ may request

1 the Council of Bond Oversight to review and approve proposed  
2 modifications.

3 D. The Oklahoma State Bond Advisor shall serve as an advisor to  
4 the Governor and to the Legislature with respect to issuance of  
5 indebtedness reviewed by the Council and shall prepare an annual  
6 report to be submitted to the Governor, the President Pro Tempore of  
7 the Senate and the Speaker of the House of Representatives as of  
8 January 15 each year. The report shall contain a summary of the  
9 issuance of indebtedness by State Governmental Entities ~~and Local~~  
10 ~~Governmental Entities~~ during the preceding year ~~and such other~~  
11 ~~information as the State Bond Advisor may be required to submit or~~  
12 ~~as may be relevant.~~

13 E. The Oklahoma State Bond Advisor or any member of the  
14 immediate family of the Oklahoma State Bond Advisor shall not have  
15 any direct or indirect financial or contractual relationship with  
16 any firm or corporation or any officer, partner or principal  
17 stockholder of any firm or corporation directly involved in public  
18 finance.

19 SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8a, as  
20 amended by Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
21 2016, Section 695.8a), is amended to read as follows:

22 Section 695.8a There is hereby created in the State Treasury a  
23 revolving fund for the Office of the State ~~Bond Advisor~~ Treasurer,  
24 to be designated the "Bond Oversight Revolving Fund". The fund

1 shall be a continuing fund, not subject to fiscal year limitations,  
2 and shall consist of fees collected pursuant to Section 695.8 of  
3 this title and any other monies provided for by law. All monies  
4 accruing to the credit of said fund are hereby appropriated and may  
5 be budgeted and expended by the Office of the State ~~Bond Advisor~~  
6 Treasurer for expenses related to the Oklahoma Bond Oversight and  
7 Reform Act. Expenditures from said fund shall be made upon warrants  
8 issued by the State Treasurer against claims filed as prescribed by  
9 law with the Director of the Office of Management and Enterprise  
10 Services for approval and payment.

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

14 A. As used in this section, "public finance service provider"  
15 means underwriters, bond or other legal counsel, financial advisors,  
16 consultants, and financial institutions who serve as trustee, paying  
17 agent or in any fiduciary capacity, who seek to provide services to  
18 State Governmental Entities or Local Governmental Entities with  
19 regard to the issuance of bonds, notes or other evidences of  
20 indebtedness.

21 B. Any public finance service provider shall be required to  
22 make a disclosure, upon such form as the State Bond Advisor may  
23 prescribe, of any and all direct financial contributions made by the  
24 public finance service provider which exceed Five Thousand Dollars

1 (\$5,000.00) in any calendar year on a cumulative basis to any  
2 nonprofit organization, regardless of its exempt status pursuant to  
3 the provisions of the Internal Revenue Code of 1986, as amended, the  
4 primary purpose of which is to provide services to one or more  
5 political subdivisions of the state or the membership of which  
6 consists primarily of public school administrators, common school  
7 districts or common school district boards of education, common  
8 school superintendents, career technology districts or career  
9 technology district governing boards, municipal government entities,  
10 county commissioners or other public officials or local government  
11 entity having authority to issue debt obligations either directly or  
12 which is the beneficiary of a public trust organized pursuant to the  
13 provisions of Section 176 et. seq. of Title 60 of the Oklahoma  
14 Statutes.

15 C. In addition, the public finance service provider shall be  
16 required to make disclosure of any and all direct financial  
17 contributions which exceed One Hundred Dollars (\$100.00) on a  
18 cumulative basis during any calendar year made to any elected  
19 officials or employees of a State Governmental Entity or Local  
20 Governmental Entity to which financial services are to be provided  
21 in connection with issuance of debt obligations or contributions  
22 made to any individuals associated with any of the nonprofit  
23 organizations described by subsection B of this section.

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

9 E. Any public finance service provider shall submit a copy of  
10 the most recent disclosure document on file with the Oklahoma State  
11 Bond Advisor as required pursuant to subsection D of this section  
12 prior to the selection of a public finance service provider by any  
13 county, city, town, common school district, career technology  
14 district or other local government entity or any public trust  
15 organized pursuant to the provisions of Section 176 et seq. of Title  
16 60 of the Oklahoma Statutes having one or more political  
17 subdivisions as its beneficiary or beneficiaries, with respect to  
18 the issuance of any obligations described by subsection A of this  
19 section. The disclosure document shall be provided to each member  
20 of the governing board of the unit of local government to which  
21 services will be provided and, if applicable, to each member of the  
22 board of trustees of any public trust as described in this  
23 subsection to which public finance services will be provided. If  
24 the board of trustees of such public trust is comprised of persons



1 who are also members of the governing board of the unit of local  
2 government, the disclosure document may be provided to the members  
3 of the governing board of the unit of local government and the  
4 document will not be required to be provided to any member of the  
5 board of trustees of the public trust unless such person is not a  
6 member of the governing board of the unit of local government.

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

10 SECTION 6. This act shall become effective November 1, 2017.

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
12 April 12, 2017 - DO PASS AS AMENDED  
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