

An Act

ENROLLED HOUSE
BILL NO. 2046

By: McCall of the House

and

Simpson of the Senate

An Act relating to higher education funding districts; enacting the Higher Education Institution Local Funding Act; making legislative findings; providing for construction of act as amendment pursuant to Section 9B of Article X of the Oklahoma Constitution; providing procedures for certain institutions within The Oklahoma State System of Higher Education to form district; providing for creation of higher education funding district; providing for resolution; prohibiting inclusion of certain territory within higher education funding districts; providing for election regarding formation and boundary of district; requiring preparation of map depicting district boundary; requiring county assessor to provide information regarding net assessed values and exempt property; requiring county election board to provide precinct boundary map; providing for election procedures; requiring payment of election costs by institution of higher education; authorizing operational millage rate; prescribing procedures for issuance of bonds and sinking fund millage rate; providing for special elections; providing for formation of district after approval at election; providing for application of certain millage rates; imposing duty on county treasurer with respect to collection of revenues; prescribing procedures for payment of revenues; prescribing authorized purposes of expenditures; restricting use of revenues for certain purposes; prohibiting certain revenues from being taken into consideration for purposes of allocation by State Regents; providing for expenditure of bond proceeds; providing for applicability of Internal Revenue Code of 1986 with

respect to certain proceeds; prescribing maximum maturity of bonds; providing for procedures for sale of bonds; prescribing procedures for elections to modify millage rates for operational expenditures; prohibiting modification of sinking fund millage rates; providing for annexation or deannexation procedures with respect to territory of higher education funding district; providing for applicability of rules regarding annexation or deannexation of territory with respect to career technology districts; and providing for codification.

SUBJECT: Higher education funding districts

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 9001 of Title 70, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Higher Education Institution Local Funding Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9002 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that providing access to additional sources of revenue for certain institutions within The Oklahoma State System of Higher Education is in furtherance of a policy for making postsecondary education accessible to more persons, providing increased educational opportunities, improved income-producing potential and other positive outcomes. The provisions of this act shall be considered an amendment authorized by subsection H of Section 9B of Article X of the Oklahoma Constitution.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9003 of Title 70, unless there is created a duplication in numbering, reads as follows:

An eligible two-year institution within The Oklahoma State System of Higher Education that utilizes the procedures established by this act shall be considered a higher education funding district for purposes of establishing a district, organizing the district, calling for operational millage rates or sinking fund millage rates or both, in the same manner as provided by law pursuant to the provisions of Section 9B of Article X of the Oklahoma Constitution and the provisions of Title 70 of the Oklahoma Statutes which enable Section 9B of Article X.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9004 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The board of regents of an eligible two-year college within The Oklahoma State System of Higher Education may adopt a resolution to cause the college to be included, for purposes of this act, within a higher education funding district. The resolution shall require the approval of a majority of the members of the board of regents.

B. No higher education funding district shall be allowed to include the territory or establish any levy of any career technology district, including any existing college career technology district, that has been formed prior to the proposed formation of a higher education funding district.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9005 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The board of regents of the eligible institution shall cause a map to be prepared depicting the boundary of the proposed district with the assets constituting the main campus of the institution to be located at some point within such boundary.

B. The county assessor of the county or counties within which the district is proposed to be located shall provide information to the board of regents regarding the net assessed value of all taxable property within the boundary of the proposed district, including the identification of any real property exempt from taxation pursuant to the provisions of Section 6 of Article X of the Oklahoma Constitution, any other provision of the Oklahoma Constitution or the provisions of Section 2887 of Title 68 of the Oklahoma Statutes.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9006 of Title 70, unless there is created a duplication in numbering, reads as follows:

The county election board of the county or counties within which the proposed higher education funding district is to be located shall provide a precinct boundary map of the proposed area to the board of regents which has approved the resolution to call for a vote to form and organize a higher education funding district.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9007 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. An election may be conducted in November of any even-numbered year in order to determine whether the proposed higher education funding district shall be formed and its initial operational millage rate, which shall not exceed the number of mills as prescribed by Section 9B of Article X of the Oklahoma Constitution. If the certified election results show that a sixty percent (60%) majority of all votes cast are in favor of the creation of the higher education funding district, the county election board shall declare the district to have been established and, if an initial operational millage was submitted to the voters as part of the same ballot measure for creation of the district, shall also declare such millage rate to be established for the district.

B. If there are to be any bonds or other evidence of indebtedness issued by the district contemporaneously approved at the election calling for the formation of the district or at any subsequent election called for the purposes of approving such bonds or other evidence of indebtedness, such information as may be required for the approval of a sinking fund millage rate as provided by law shall also be included on the ballot, but the principal amount of debt to be incurred, the projects to be constructed or improved or acquired with the proceeds of the bonds, the maximum maturity of the bonds and other information shall be included as part of the ballot title if that question is submitted to the voters.

C. A special election may be conducted in the manner prescribed by Section 12-116 of Title 26 of the Oklahoma Statutes if the question of the creation of the higher education funding district is to be submitted at any other time than a General Election.

D. All costs for elections related to higher education funding districts shall be paid for by the institution of higher education for the benefit of which the district is being created or, after approval of such district, for the benefit of which the district was created.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9008 of Title 70, unless there is created a duplication in numbering, reads as follows:

If approved by sixty percent (60%) or more of the voters at the election provided for by Section 7 of this act, there shall be created a higher education funding district which shall be governed by the board of regents for the institution within The Oklahoma State System of Higher Education that has managerial control for the institution for the benefit of which the district has been created.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9009 of Title 70, unless there is created a duplication in numbering, reads as follows:

The millage levied by a higher education funding district shall be applied to the net assessed value of all taxable property located within the district each year in the same manner as provided by law for millage imposed by other ad valorem taxing jurisdictions. The county treasurer shall include the tax due resulting from such millage in the same manner as provided by law for other ad valorem taxes.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9010 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. All revenues derived from the net assessed value of property located within the boundary of the higher education funding district shall be paid by the county treasurer to the general fund of the eligible institution or to such fund as may be specified by the board of regents for the institution, and the board of regents for the institution shall be authorized to expend such revenues in support of the operational expenses of the institution, including, without limitation, employee salaries, employee benefits, including retirement benefits and health care benefits, federal or state income or withholding taxes or related payroll taxes, utility costs, insurance expenses, books, electronic instructional materials,

supplies for classrooms, upkeep of grounds and landscaping, maintenance of physical plants such as heating and air conditioning units, acquisition and maintenance of motor vehicles and such other expenditures as may be approved by the board of regents pursuant to such standards and procedures as the board of regents may establish.

B. None of the revenues derived from any millage rate imposed within the boundary of a higher education funding district may be used by an institution within The Oklahoma State System of Higher Education to compete with the services or programs offered by any existing career technology district which is either contiguous to the boundary of the higher education funding district or located in sufficiently close proximity to the higher education funding district that the programs or services offered by such career technology district would be duplicated or adversely impacted by the expenditure of funds by the institution which causes the formation of the higher education funding district pursuant to the provisions of this act.

C. The Oklahoma State Regents for Higher Education shall not take into consideration revenues derived from any millage levy imposed pursuant to the provisions of the Higher Education Institution Local Funding Act when allocating state-appropriated funds for support of the institution which established a higher education funding district pursuant to the provisions of this act.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9011 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Proceeds from bonds or other evidence of indebtedness issued by the higher education funding district may be expended on such assets as authorized by the provisions of the Internal Revenue Code of 1986, as amended, or other provisions of federal or state law based on whether the interest income paid to bondholders is exempt from federal or state income tax.

B. Final maturity of any obligation issued by the higher education funding district shall not exceed twenty-five (25) years.

C. Bonds or other evidence of indebtedness issued by a higher education funding district may be sold using such procedures as may be established by the board of regents of the institution for whose benefit the higher education funding district has been created.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9012 of Title 70, unless there is created a duplication in numbering, reads as follows:

After the formation of a higher education funding district authorized by this act, the question of modification of an operational millage rate may be submitted to the voters of the district by resolution of the board of regents of the institution within The Oklahoma State System of Higher Education for the benefit of which the district has been created or upon a petition signed by ten percent (10%) or more of the eligible voters residing within the boundary of a district. No millage rate in excess of that provided for in Section 9B of Article X of the Oklahoma Constitution may be approved and no sinking fund millage rate for repayment of bonds or other evidence of indebtedness may be modified pursuant to the provisions of this section. The question of modification of an operational millage rate may be submitted at either a General Election or a special election with notice of the question to be provided in advance of the election date in the same manner as provided by law for similar questions pursuant to Section 9B of Article X of the Oklahoma Constitution or enabling legislation enacted pursuant to authority of that section.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9013 of Title 70, unless there is created a duplication in numbering, reads as follows:

After the formation of a higher education funding district authorized by this act, the question of annexation or deannexation of territory comprising the district may be submitted either by resolution of the board of regents for the institution within The Oklahoma State System of Higher Education for whose benefit the district was created or by a petition signed by ten percent (10%) or more of the eligible voters of the district. The procedures for conducting the vote and implementing any changes in the boundary of the higher education funding district shall be the same as those prescribed by Section 9B of Article X of the Oklahoma Constitution or enabling legislation enacted or administrative rules adopted pursuant thereto.

Passed the House of Representatives the 19th day of May, 2022.

Presiding Officer of the House
of Representatives

Passed the Senate the 20th day of May, 2022.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____