

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 HOUSE BILL 2668

By: Wallace

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5
6 AS INTRODUCED

7 An Act relating to public finance; amending Section
8 4, Chapter 275, O.S.L. 2012, as amended by Section 2,
9 Chapter 374, O.S.L. 2017 (62 O.S. Supp. 2018, Section
10 695.6a), which relates to the Council of Bond
11 Oversight; amending 62 O.S. 2011, Sections 695.7, as
12 last amended by Section 3, Chapter 374, O.S.L. 2017,
13 695.8, as amended by Section 7, Chapter 275, O.S.L.
14 2012, 695.9, as amended by Section 8, Chapter 275,
15 O.S.L. 2012, Section 5, Chapter 374, O.S.L. 2017,
16 695.11, 695.19, 695.23, 695.24 and 695.25 (62 O.S.
17 Supp. 2018, Sections 695.7, 695.8, 695.9 and
18 695.10A), which relate to the Oklahoma Bond Oversight
19 and Reform Act and the Oklahoma Private Activity Bond
20 Allocation Act; amending Section 1, Chapter 278,
21 O.S.L. 2017 (62 O.S. Supp. 2018, Section 34.200-1),
22 which relates to debt affordability study; modifying
23 references to State Bond Advisor; providing
24 references to the Deputy Treasurer for Debt
Management; modifying definitions; amending 73 O.S.
2011, Section 156.1, which relates to certain
obligations of the Oklahoma Capitol Improvement
Authority; modifying reference; providing an
effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 4, Chapter 275, O.S.L.
2012, as amended by Section 2, Chapter 374, O.S.L. 2017 (62 O.S.
Supp. 2018, Section 695.6a), is amended to read as follows:

1 Section 695.6a A. The Council of Bond Oversight shall consist
2 of five (5) members as follows:

3 1. One member shall be appointed by the President Pro Tempore
4 of the Senate;

5 2. One member shall be appointed by the Speaker of the House of
6 Representatives;

7 3. Two members shall be appointed by the Governor, with the
8 advice and consent of the Senate; and

9 4. The State Treasurer or his or her designee shall be a
10 member.

11 B. Three members shall constitute a quorum. The affirmative
12 vote of three members shall be necessary for any action to be taken
13 by the Council.

14 C. Members appointed to the Council shall serve a term of four
15 (4) years and may be removed for cause by the appointing authority.
16 Members may be reappointed for additional terms.

17 D. A vacancy on the Council shall be filled in the same manner
18 as the original appointment, to hold office during the unexpired
19 term for which the member was appointed. The Council shall elect
20 one of its members chair and may elect such other officers as it
21 deems necessary. No vacancy in the membership of the Council shall
22 impair the right of the Council to exercise all duties of the
23 Council.

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1 E. The ~~Oklahoma State Bond Advisor~~ State Treasurer, as provided
2 in Section 695.7 of this title, shall ~~provide support staff~~ hire a
3 Deputy Treasurer for Debt Management to serve as necessary support
4 staff and to implement the purposes and functions of the Council.

5 F. The Attorney General shall provide legal counsel to the
6 Council.

7 G. No member of the Oklahoma State Legislature shall be
8 eligible to serve as a member of the Council.

9 SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.7, as
10 last amended by Section 3, Chapter 374, O.S.L. 2017 (62 O.S. Supp.
11 2018, Section 695.7), is amended to read as follows:

12 Section 695.7 A. The State Treasurer shall engage the services
13 of a person knowledgeable in the current state of the art of
14 national and international standards for the issuance of obligations
15 by governmental entities and experienced in the negotiation of fees
16 for various goods and services requisite to or deemed desirable in
17 the issuance of such obligations as well as the negotiation of other
18 matters essential to provide the best current price and terms of the
19 issuance of such obligations for the benefit of the State of
20 Oklahoma, who shall have the title "~~Oklahoma State Bond Advisor~~"
21 "Deputy Treasurer for Debt Management".

22 When hiring a person to the position of ~~Oklahoma State Bond~~
23 ~~Advisor~~ Deputy Treasurer for Debt Management, the State Treasurer
24

1 shall conduct a national search in seeking requests for proposals
2 for the position.

3 B. The ~~Oklahoma State Bond Advisor~~ State Treasurer may employ
4 the necessary staff to carry out the duties ~~of the Bond Advisor~~
5 related to debt management and the ~~duties of the~~ Council of Bond
6 Oversight, ~~with approval of the State Treasurer.~~

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

1 ~~The Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management
2 shall provide assistance and advice to State Governmental Entities
3 with respect to the issuance of obligations by the State
4 Governmental Entities, review, negotiate, and approve or disapprove
5 the fees and expenses for goods and services requisite to or deemed
6 desirable in the issuance of State Governmental Entity obligations
7 and State Governmental Entity Financing and shall represent the
8 interests of the state before rating agencies and credit enhancement
9 providers.

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

20 D. The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt
21 Management shall serve as an advisor to the Governor and to the
22 Legislature with respect to issuance of indebtedness reviewed by the
23 Council and shall prepare an annual report to be submitted to the
24 Governor, the President Pro Tempore of the Senate and the Speaker of

1 the House of Representatives as of January 15 each year. The report
2 shall contain a summary of the issuance of indebtedness by State
3 Governmental Entities during the preceding year.

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

11 SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8, as
12 amended by Section 7, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2018,
13 Section 695.8), is amended to read as follows:

14 Section 695.8 A. The Council of Bond Oversight shall:

15 1. Make determinations as to whether the purposes for which
16 obligations proposed to be issued by a State Governmental Entity, in
17 conjunction with a State Governmental Entity Financing, are for the
18 furtherance and accomplishment of authorized and proper public
19 functions or purposes of the state or of any county or municipality,
20 as specified in the statutes governing public trusts organized
21 pursuant to Title 60 of the Oklahoma Statutes;

22 2. Review proposed issuance of debt by State Governmental
23 Entities for compliance with any applicable provisions of federal,
24 state or other laws;

1 3. Review such other matters as the Council deems relevant to
2 the Application, including, without limitation, sources of repayment
3 and security for the obligation. However, the Council shall not
4 review the merits of the project. The Council shall only determine
5 that the project has a legal and beneficial purpose which can be
6 legitimately funded by bond or similar indebtedness, issued by a
7 State Governmental Entity or Local Governmental Entity;

8 4. a. Except as provided in subparagraph b of this
9 paragraph, review the findings of the Program
10 Development and Credit Review Committee to determine
11 if the Rules Regarding the Administration of the
12 Credit Enhancement Reserve Fund and related
13 regulations and policies as implemented by the
14 Oklahoma Development Finance Authority adequately and
15 sufficiently fulfill the intents and purposes of the
16 Credit Enhancement Reserve Fund Act, provided such
17 provision shall not apply to Credit Enhancement
18 Reserve Fund applications approved by the Bond
19 Oversight Commissions prior to May 30, 1990; and,
20 except as provided in subparagraph b of this
21 paragraph, approve or disapprove any bonds or
22 indebtedness being issued by the Oklahoma Development
23 Finance Authority to the extent said bonds or

1 indebtedness are enhanced or supported pursuant to the
2 Credit Enhancement Reserve Fund Act.

3 b. The Council shall not be required to review or approve
4 individual projects or loans under the Small Business
5 Credit Enhancement Program created by Section 5063.4b
6 of Title 74 of the Oklahoma Statutes, or the Oklahoma
7 Beginning Agricultural Producer Pool Act, but may
8 approve a package of such projects or loans in
9 advance. Each project or loan shall be individually
10 listed in the package and the dollar amount of the
11 project or loan shall be specifically set out together
12 with the total dollar amount involved in the package.
13 The Council or the ~~Oklahoma State Bond Advisor~~ Deputy
14 Treasurer for Debt Management may, in their
15 discretion, remove any such individual project or loan
16 from the package submitted, for individual action.
17 Should the Oklahoma Development Finance Authority
18 submit an application to the Council for the approval
19 of an obligation or credit enhancement under these two
20 programs, the application shall be deemed approved if
21 not disapproved by the Council within forty-five (45)
22 days of filing such an application or, as to an
23 individual project or loan, removed from the submitted
24 package within such forty-five-day period.

1 c. The Council may establish maximum compensation levels
2 to be paid to individuals and firms acting in a
3 fiduciary capacity in connection with Credit
4 Enhancement Reserve Fund Program financings. The
5 Council may set such compensation levels for a one-
6 year period and such compensation will be applicable
7 to all individuals and firms participating in the
8 program for that period. Providers of such services
9 selected prior to making application may be employed
10 subject to the established maximum compensation
11 levels. Prior to December 31 of each year, the
12 Council shall review market conditions and set new
13 compensation levels for the program. Provided, such
14 compensation levels may not exceed the compensation
15 levels obtained by the Oklahoma Development Finance
16 Authority through its most recent invitation to bid
17 for the services of individuals and firms acting in a
18 fiduciary capacity in connection with Credit
19 Enhancement Reserve Fund Program financing; and

20 5. Adopt, amend and repeal rules to regulate affairs of the
21 Council and to implement the powers and purposes of the Council.

22 B. The Council ~~may establish budgets~~ and State Treasurer in
23 order to fulfill ~~its~~ their duties pursuant to the Oklahoma Bond
24 Oversight and Reform Act ~~and~~ shall be authorized to charge and

1 collect a fee, ~~in accordance with the rules of the Council,~~ derived
2 from proceeds of bond issues approved by the Council.

3 SECTION 4. AMENDATORY 62 O.S. 2011, Section 695.9, as
4 amended by Section 8, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2018,
5 Section 695.9), is amended to read as follows:

6 Section 695.9 A. No State Governmental Entity or Local
7 Governmental Entity shall issue any State Governmental Entity
8 Financing obligations unless such obligations have been approved by
9 the Council of Bond Oversight as provided for in Section 695.8 of
10 this title; provided, however, that in no event shall the Council's
11 approval be required for the issuance of any obligations pursuant to
12 a remarketing or a change in interest rate or maturity under the
13 terms of indentures or agreements securing obligations heretofore
14 issued prior to July 1, 1987, or pursuant to the provisions of the
15 Oklahoma Bond Oversight and Reform Act.

16 B. 1. With respect to any State Governmental Entity Financing
17 proposed to be obtained through the issuance of its obligations, any
18 State Governmental Entity or Local Governmental Entity shall file
19 with the Council a written description of the nature, need and
20 purpose of such proposed financing. The Council shall review the
21 description of the proposed financing in order to either approve or
22 disapprove the purpose to be served by the issuance of said State
23 Governmental Entity obligations and for compliance with any
24 applicable provisions of federal, state or other laws.

1 2. With respect to bonds or indebtedness proposed to be issued
2 by the Oklahoma Development Finance Authority which will be enhanced
3 or supported pursuant to the Credit Enhancement Reserve Fund Act,
4 the Council shall review the description of such proposed financing
5 in accordance with paragraph 1 of this subsection and additionally
6 shall approve or disapprove the proposed financing on a
7 determination of sufficient compliance with the Rules Regarding the
8 Administration of the Credit Enhancement Reserve Fund as implemented
9 by the Oklahoma Development Finance Authority. Such determinations
10 by the Council shall be based on a written report prepared for and
11 provided to the Council by the Program Development and Credit Review
12 Committee as provided in Section 5062.6a of Title 74 of the Oklahoma
13 Statutes, provided the Council shall not be bound to follow the
14 conclusions reached by the committee in such reports. All orders
15 issued by the Council approving or disapproving bonds or
16 indebtedness enhanced or supported pursuant to the Credit
17 Enhancement Reserve Fund Act shall be final and shall not be subject
18 to any type of appeal.

19 3. Except as provided in paragraph 4 of this subsection,
20 approval provided for in paragraph 1 of this subsection shall expire
21 one hundred eighty (180) days after such approval. Provided, if
22 such approval expires, nothing shall prevent the State Governmental
23 Entity from refiling with the Council for approval of such financing
24 and, if granted, any one subsequent approval of such financing shall

1 be valid for a period, not to exceed one hundred eighty (180) days,
2 as determined by the Council.

3 4. Applicants having received approval, as provided for in
4 paragraph 1 of this subsection, may request and the ~~Oklahoma State~~
5 ~~Bond Advisor~~ Deputy Treasurer for Debt Management may grant, at the
6 ~~Oklahoma State Bond Advisor's~~ his or her discretion, a single one-
7 hundred-eighty-day extension. Any request for an extension must be
8 made at least five (5) business days prior to the expiration of the
9 original approval. Applicants failing to request an extension in
10 this manner may refile with the Council as provided for in paragraph
11 3 of this subsection.

12 5. In the event there is a substantial change in the nature or
13 purpose of a proposed financing after approval by the Council, the
14 prior approval shall be void and the State Governmental Entity shall
15 be required to seek approval from the Council in the manner provided
16 in paragraph 1 of this subsection.

17 C. Local Governmental Entities, within ten (10) days following
18 the date funds become available to the issuer from the sale of any
19 obligation, shall file with the Council a copy of the official
20 statement or notice of sale and any other information concerning the
21 proposed financing required by the Council.

22 D. Upon the request of a Local Governmental Entity, the
23 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management may
24 provide advice and assistance to the Local Governmental Entity with

1 respect to the issuance of obligations. The ~~Oklahoma State Bond~~
2 ~~Advisor~~ State Treasurer may assess reasonable fees for such
3 services.

4 SECTION 5. AMENDATORY Section 5, Chapter 374, O.S.L.
5 2017 (62 O.S. Supp. 2018, Section 695.10A), is amended to read as
6 follows:

7 Section 695.10A A. As used in this section, "public finance
8 service provider" means underwriters, bond or other legal counsel,
9 financial advisors, consultants, and financial institutions who
10 serve as trustee, paying agent or in any fiduciary capacity, who
11 seek to provide services to State Governmental Entities or Local
12 Governmental Entities with regard to the issuance of bonds, notes or
13 other evidences of indebtedness.

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

1 boards of education, common school superintendents, career
2 technology districts or career technology district governing boards,
3 municipal government entities, county commissioners or other public
4 officials or local government entity having authority to issue debt
5 obligations either directly or which is the beneficiary of a public
6 trust organized pursuant to the provisions of Section 176 et. seq.
7 of Title 60 of the Oklahoma Statutes.

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

17 D. The disclosure shall be filed annually with the Oklahoma
18 ~~State Bond Adviser~~ Deputy Treasurer for Debt Management not later
19 than January 15, or the first business day after such date if
20 January 15 is not a date upon which the State Treasurer's office is
21 open for business, and shall include an itemized description of all
22 direct financial contributions made to any and all of the entities
23 described by subsections B and C of this section by the public
24

1 finance service provider during the immediately preceding calendar
2 year.

3 E. Any public finance service provider shall submit a copy of
4 the most recent disclosure document on file with the ~~Oklahoma State~~
5 ~~Bond Advisor~~ Deputy Treasurer for Debt Management as required
6 pursuant to subsection D of this section prior to the selection of a
7 public finance service provider by any county, city, town, common
8 school district, career technology district or other local
9 government entity or any public trust organized pursuant to the
10 provisions of Section 176 et seq. of Title 60 of the Oklahoma
11 Statutes having one or more political subdivisions as its
12 beneficiary or beneficiaries, with respect to the issuance of any
13 obligations described by subsection A of this section. The
14 disclosure document shall be provided to each member of the
15 governing board of the unit of local government to which services
16 will be provided and, if applicable, to each member of the board of
17 trustees of any public trust as described in this subsection to
18 which public finance services will be provided. If the board of
19 trustees of such public trust is comprised of persons who are also
20 members of the governing board of the unit of local government, the
21 disclosure document may be provided to the members of the governing
22 board of the unit of local government and the document will not be
23 required to be provided to any member of the board of trustees of
24

1 the public trust unless such person is not a member of the governing
2 board of the unit of local government.

3 SECTION 6. AMENDATORY 62 O.S. 2011, Section 695.11, is
4 amended to read as follows:

5 Section 695.11 The provisions of The Oklahoma Central
6 Purchasing Act shall not be applicable to any actions of a State
7 Governmental Entity in regard to the sale and issuance of its
8 obligations, including any contracts and undertakings relating
9 thereto; however, such issuance, contracts and undertakings shall be
10 subject to the provisions of this act regarding review or approval
11 of such matters by the ~~Oklahoma State Bond Advisor~~ Deputy Treasurer
12 for Debt Management.

13 SECTION 7. AMENDATORY 62 O.S. 2011, Section 695.19, is
14 amended to read as follows:

15 Section 695.19 Notwithstanding any other provision of law, a
16 State Governmental Entity, as such term is defined in Section 695.3
17 of ~~Title 62 of the Oklahoma Statutes~~ this title, is authorized to
18 issue refunding bonds for the purpose of refinancing existing bonds
19 or obligations without further authorization from the Legislature
20 provided the issuance of the refunding bonds and any services, fees
21 and expenses related thereto are reviewed and approved by the
22 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management and
23 the Council of Bond Oversight pursuant to the provisions of the
24 Oklahoma Bond Oversight and Reform Act.

1 SECTION 8. AMENDATORY 62 O.S. 2011, Section 695.23, is
2 amended to read as follows:

3 Section 695.23 As used in the Oklahoma Private Activity Bond
4 Allocation Act:

5 1. "Application for state ceiling allocation" means the written
6 application form provided by the ~~State Bond Advisor~~ Deputy Treasurer
7 for Debt Management which shall be filed by or on behalf of the
8 issuer in compliance with the requirements of this act;

9 2. "Beginning Agricultural Producer Pool" means the portion of
10 the state ceiling reserved for bonds relating to the Oklahoma
11 Beginning Agricultural Producer Pool Act;

12 3. "Carryforward" shall have the same meaning as in Section
13 146(f) of the Internal Revenue Code;

14 4. "Confirmation" means a written confirmation of allocation
15 issued by the ~~State Bond Advisor~~ Deputy Treasurer for Debt
16 Management;

17 5. "Consolidated Pool" means an aggregation of unallocated sums
18 of the state ceiling derived from pools as set forth in subsection M
19 of Section 695.24 of this title;

20 6. "Deputy Treasurer for Debt Management" means the person
21 designated by the State Treasurer pursuant to the provisions of
22 Section 695.6a of this title;

23 7. "Economic Development Pool" means that portion of the state
24 ceiling reserved for projects specifically authorized by the Council

1 of Bond Oversight, as provided for in subsection B of Section 695.24
2 of this title;

3 ~~7.~~ 8. "Exempt facility bonds" means exempt facility bonds as
4 defined in Section 142(a) of the Internal Revenue Code;

5 ~~8.~~ 9. "Exempt Facility Pool" means the portion of the state
6 ceiling reserved for exempt facility bonds;

7 ~~9.~~ 10. "Final certification" or "final certificate" means a
8 certification or certificate filed with the ~~State Bond Advisor~~
9 Deputy Treasurer for Debt Management by or on behalf of the issuer
10 specifying the exact amount of indebtedness issued by an issuer, or,
11 in the case of mortgage credit certificates, a copy of the document
12 or election filed with the Internal Revenue Service exchanging bond
13 issuance authority for mortgage credit certificate issuance
14 authority;

15 ~~10.~~ 11. "Internal Revenue Code" means the Internal Revenue Code
16 of 1986 (26 U.S.C., Section 1 et seq.), as amended;

17 ~~11.~~ 12. "Issued" means any issue of bonds which have been
18 delivered and the purchase price therefor remitted to or for the
19 account of the issuer, or a copy of the document or election filed
20 with the Internal Revenue Service exchanging bond issuance authority
21 for mortgage credit certificate issuance authority;

22 ~~12.~~ 13. "Issuer" or "issuing authority" means any public trust
23 or other entity which is authorized to issue tax-exempt bonds, notes
24 and other like obligations, or has the authority to exchange single-

1 family mortgage bond authority for mortgage credit certificate
2 authority, under the Constitution or laws of the state;

3 ~~13.~~ 14. "Local issuer" means any municipality, county or public
4 trust having counties or municipalities or combinations thereof as
5 beneficiary, or a public trust having the state as beneficiary with
6 jurisdiction limited to one county of the state;

7 ~~14.~~ 15. "Local Issuer Single Family Pool" means the portion of
8 the state ceiling reserved for local issuers of single-family,
9 mortgage revenue bonds and mortgage credit certificates;

10 ~~15.~~ 16. "Metropolitan Area Housing Pool" means the portion of
11 the state ceiling reserved pursuant to subsection I of Section
12 695.24 of this title;

13 ~~16.~~ 17. "Mortgage credit certificate election" means a document
14 or election filed by an issuer with the Internal Revenue Service
15 exchanging single-family mortgage bond issuance authority for
16 mortgage credit certificate issuance authority;

17 ~~17.~~ 18. "Mortgage credit certificates" shall have the same
18 meaning as in Section 25(c) of the Internal Revenue Code;

19 ~~18.~~ 19. "Oklahoma Housing Finance Agency Pool" means that
20 portion of the state ceiling reserved for single-family bonds,
21 multifamily bonds, and mortgage credit certificates issued by the
22 Oklahoma Housing Finance Agency;

23 ~~19.~~ 20. "Private activity bonds" or "bonds" means any bonds or
24 notes or other evidence of indebtedness, the interest on which is

1 exempt from tax pursuant to the Internal Revenue Code, and mortgage
2 credit certificates, except those bonds or certificates specifically
3 excluded from the state ceiling under the terms of federal
4 legislation;

5 ~~20.~~ 21. "Qualified small issue" used in the context of "bond"
6 or "bonds" or the "Qualified Small Issue Pool" shall have the
7 meaning as in Section 144(a) of the Internal Revenue Code;

8 ~~21.~~ 22. "Qualified Small Issue Pool" means the portion of the
9 state ceiling reserved for qualified small issue bonds;

10 ~~22.~~ 23. "Qualified student loan bonds" shall have the same
11 meaning as in Section 144(b) of the Internal Revenue Code;

12 ~~23.~~ 24. "Rural Area Housing Pool" means the portion of the
13 state ceiling reserved pursuant to subsection J of Section 695.24 of
14 this title;

15 ~~24.~~ 25. "State" means the State of Oklahoma;

16 ~~25.~~ ~~"State Bond Advisor" means the Oklahoma State Bond Advisor~~
17 ~~or his or her designee;~~

18 26. "State ceiling" means the limit which is prescribed by the
19 Internal Revenue Code in Section 146 and in such other applicable
20 sections of the Internal Revenue Code on the amount of private
21 activity bonds which may be issued collectively by all of the
22 issuers of the state during a calendar year;

23 27. "State issuer" means any public trust having the state as
24 beneficiary or any state agency or other entity with powers to issue

1 private activity bonds, provided that the term shall not include a
2 public trust or any local issuer with the state as beneficiary whose
3 jurisdiction is limited to one county;

4 28. "State Issuer Pool" means the portion of the state ceiling
5 reserved for state issuers of qualified small issuer projects; and

6 29. "Student Loan Pool" means the portion of the state ceiling
7 reserved for qualified student loan bonds.

8 SECTION 9. AMENDATORY 62 O.S. 2011, Section 695.24, is
9 amended to read as follows:

10 Section 695.24 A. 1. Fifteen and five-tenths percent (15.5%)
11 of the state ceiling shall be reserved and placed in the Student
12 Loan Pool.

13 2. For the period January 1 through September 1 of each
14 calendar year, the Student Loan Pool shall be allocated to qualified
15 student loan bonds issued by eligible state issuers. Allocations
16 will be available to issuers on a first-come, first-serve basis.

17 B. Twelve percent (12%) of the state ceiling shall be reserved
18 and placed in a pool designated as the Economic Development Pool.
19 For the period January 1 through September 1 of each calendar year,
20 allocations from this pool may be made only upon the recommendation
21 of the Director of the Oklahoma Department of Commerce and following
22 review and approval by the Council of Bond Oversight. In order to
23 approve the recommendation, the Council of Bond Oversight must find
24 that the project seeking an allocation from this pool will result in

1 the creation of manufacturing jobs in this state or will in some
2 other way contribute to an economic development objective of this
3 state. For purposes of this subsection, "manufacturing jobs" means
4 jobs created by manufacturing facilities as that term is defined in
5 subparagraphs a, b, and c of paragraph 1 of subsection B of Section
6 2902 of Title 68 of the Oklahoma Statutes.

7 C. 1. Twelve percent (12%) of the state ceiling shall be
8 reserved and placed in a pool to be designated the Qualified Small
9 Issue Pool.

10 2. For the period January 1 through September 1 of each
11 calendar year, the Qualified Small Issue Pool shall be allocated to
12 qualified small issue bond projects undertaken by either state or
13 local issuers. Allocations will be available to issuers on a first-
14 come, first-serve basis.

15 D. 1. One percent (1%) of the state ceiling shall be reserved
16 and placed in a pool to be designated the Beginning Agricultural
17 Producer Pool.

18 2. For the period January 1 through September 1 of each
19 calendar year, the Beginning Agricultural Producer Pool shall be
20 allocated pursuant to the criteria established in Section 5063.23 of
21 Title 74 of the Oklahoma Statutes.

22 E. 1. Two and five-tenths percent (2.5%) of the state ceiling
23 shall be reserved and placed in a pool to be designated the Exempt
24 Facility Pool.

1 2. For the period January 1 through September 1 of each
2 calendar year, the Exempt Facility Pool shall be allocated to exempt
3 facility bonds issued by either state or local issuers. Allocations
4 will be available to issuers on a first-come, first-serve basis.

5 F. 1. Except as otherwise provided by this subsection, fifteen
6 percent (15%) of the state ceiling shall be reserved and placed in a
7 pool to be designated the Oklahoma Housing Finance Agency Pool.
8 Provided, however, that the allocation of the state ceiling to the
9 Oklahoma Housing Finance Agency as otherwise authorized pursuant to
10 this subsection shall be increased up to ten percent (10%) of the
11 state ceiling amount for any calendar year subsequent to a
12 certification by the Oklahoma Strategic Military Planning Commission
13 that the available housing stock in an area located on or near a
14 military installation at risk for closure or adverse realignment
15 pursuant to federal law is inadequate and an increase in available
16 funds for construction or rehabilitation of such housing would make
17 closure or an adverse realignment of the military installation less
18 likely. The certification by the Oklahoma Strategic Military
19 Planning Commission shall be made and communicated to the ~~State Bond~~
20 ~~Advisor~~ Deputy Treasurer for Debt Management not later than November
21 15 each year. The Oklahoma Strategic Military Planning Commission
22 shall make a specific recommendation to the ~~State Bond Advisor~~
23 Deputy Treasurer for Debt Management regarding the percentage
24 increase to be adopted for the Oklahoma Housing Finance Agency pool

1 for the ensuing year. The ~~State Bond Advisor~~ Deputy Treasurer for
2 Debt Management shall make the final determination regarding the
3 amount of such increase. Any certification made by the Oklahoma
4 Strategic Military Planning Commission shall be valid only for the
5 calendar year immediately following such certification.

6 2. a. For the period January 1 through September 1 of each
7 year, the Oklahoma Housing Finance Agency Pool shall
8 be allocated to qualified single family bonds,
9 multifamily bonds, or mortgage credit certificates
10 issued by the Oklahoma Housing Finance Agency.

11 b. Provided, thirty-five percent (35%) of the allocation
12 from the Oklahoma Housing Finance Agency Pool shall be
13 set aside for at least three (3) months for the
14 origination of single-family loans in counties with
15 populations of three hundred thousand (300,000) or
16 less.

17 G. 1. Four percent (4%) of the state ceiling shall be reserved
18 and placed in a pool to be designated the State Issuer Pool. For
19 the period commencing January 1 of each calendar year through
20 September 1 of the same year, the State Issuer Pool shall be
21 allocated to those qualified small issuer projects undertaken by
22 state issuers which have issued in excess of Seventy-five Million
23 Dollars (\$75,000,000.00) in qualified small issue bonds.

1 2. Notwithstanding the provisions of this section, a state
2 issuer specifically limited in jurisdiction to one county shall be
3 treated as a local issuer for the purposes of allocation.

4 H. Seventeen and five-tenths percent (17.5%) of the state
5 ceiling shall be reserved and placed in a pool to be designated the
6 Local Issuer Single Family Pool. For the period commencing January
7 1 of each calendar year through September 1 of the same year, the
8 Local Issuer Single Family Pool shall be allocated to single-family
9 projects undertaken by local issuers in counties with populations of
10 three hundred thousand (300,000) or less on a first-come, first-
11 serve basis with no single local issuer or project to receive an
12 allocation in excess of Ten Million Dollars (\$10,000,000.00) from
13 the Local Issuer Single Family Pool. An issuer which has not
14 received any allocation from the State Issuer Pool and having a
15 single-family project limited in jurisdiction to twenty counties or
16 less, each of which has a population of three hundred thousand
17 (300,000) or less, shall be considered a local issuer for the
18 purposes of this subsection.

19 I. Twelve and five-tenths percent (12.5%) of the state ceiling
20 shall be reserved and placed in a pool to be designated the
21 Metropolitan Area Housing Pool. Allocations from the Metropolitan
22 Area Housing Pool may only be made to any public trust created to
23 provide single-family housing having a county with a population in
24 excess of three hundred thousand (300,000) as its sole beneficiary

1 and which has issued tax exempt single-family housing revenue bonds
2 in the amount of at least Four Hundred Million Dollars
3 (\$400,000,000.00). Provided, no more than fifty percent (50%) of
4 the amount allocated pursuant to this subsection shall be awarded to
5 any single county.

6 J. Eight percent (8%) of the state ceiling shall be
7 reserved and placed in a pool to be designated the Rural Area
8 Housing Pool which shall be allocated to single-family
9 projects undertaken by other local issuers in counties with
10 populations of three hundred thousand (300,000) persons or
11 less on a first-come, first-serve basis with no single local
12 issuer or project to receive an allocation in excess of four
13 percent (4%) of the state ceiling.

14 K. Provided, however, that the percentage otherwise authorized
15 by subsections A, B, C, D, E, F, G, H, I and J of this section shall
16 be proportionately reduced by the amount of increase in the
17 percentage authorized to the Oklahoma Housing Finance Agency as a
18 result of a recommendation by the Oklahoma Strategic Military
19 Planning Commission pursuant to paragraph 1 of subsection F of this
20 section.

21 L. The state ceiling for each calendar year shall be allocated
22 within the categories set forth in subsections A, B, C, D, E, F, G,
23 H, I and J of this section to all private activity bonds, as
24 follows:

1 1. Except as provided in Section 695.21 et seq. of this title,
2 the state ceiling shall be allocated in the order in which
3 confirmations are issued;

4 2. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management
5 shall issue confirmations in the order in which fully and properly
6 completed applications for state ceiling allocation are received.
7 The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall
8 have the limited authority to defer or deny confirmation on
9 applications for state ceiling allocation which appear to be
10 incomplete or premature based upon information submitted or which
11 fail to show demand for funds pursuant to subsections F and G of
12 Section 695.25 of this title; and

13 3. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management
14 shall have no discretionary control regarding the issuance of
15 confirmations, except as specifically provided in the Oklahoma
16 Private Activity Bond Allocation Act.

17 In the event a confirmation or application is denied, the ~~State~~
18 ~~Bond Advisor~~ Deputy Treasurer for Debt Management, within five (5)
19 business days following such denial, shall send written notice of
20 such denial to the applicant together with a brief recital of the
21 reason therefor.

22 M. 1. On September 2 of each calendar year, nonallocated sums
23 remaining in the Economic Development Pool, Qualified Small Issue
24 Pool, the Beginning Agricultural Producer Pool, the Exempt Facility

1 Pool, the Student Loan Pool, the Oklahoma Housing Finance Agency
2 Pool, the State Issuer Pool, the Local Issuer Single Family Pool,
3 the Metropolitan Area Housing Pool and the Rural Area Housing Pool
4 shall be consolidated into the Consolidated Pool.

5 2. All local issuers and state issuers shall be entitled to
6 obtain allocations from the Consolidated Pool for any private
7 activity bond or mortgage credit certificate program based on the
8 chronological order of completed applications received after January
9 1 of each calendar year which applications have not received an
10 allocation.

11 SECTION 10. AMENDATORY 62 O.S. 2011, Section 695.25, is
12 amended to read as follows:

13 Section 695.25 A. On January 1 of each calendar year or the
14 first business day thereafter, the ~~State Bond Advisor~~ Deputy
15 Treasurer for Debt Management shall determine the maximum total
16 volume of private activity bonds that may be issued pursuant to
17 federal law by the state during that year.

18 B. On or before February 15 of each calendar year, the ~~State~~
19 ~~Bond Advisor~~ Deputy Treasurer for Debt Management shall cause to be
20 published in The Oklahoma Register, or any successor publication, a
21 notice specifying the amount of the state ceiling for the calendar
22 year.

23 C. Allocations from the pools set forth in Section 695.24 of
24 this title will be processed on the basis of the chronological order

1 of receipt of completed applications for state ceiling allocation
2 unless otherwise provided in said section, and on the basis of the
3 information and provisions set forth in subsections D, E, F, G and H
4 of this section. Allocations from the Consolidated Pool will be
5 processed on the basis of the system set out in subsection M of
6 Section 695.24 of this title and on the basis of information and
7 provisions set forth in subsections D, E, F, G and H of this
8 section.

9 D. An issuer which proposes to issue private activity bonds for
10 a specific project or purpose shall make application for an
11 allocation of a portion of the state ceiling for the particular
12 project or purpose by submitting to the ~~State Bond Adviser~~ Deputy
13 Treasurer for Debt Management an application for state ceiling
14 allocation together with copies of the following:

15 1. A certified copy of the resolution or other action adopted
16 by the issuer for the purpose of taking "official action" as
17 required by the Treasury Regulations relating to Section 103 of the
18 Internal Revenue Code, if the issuer of private activity bonds for
19 which the allocation is requested requires "official action" under
20 applicable Treasury Regulations and the Internal Revenue Code; and

21 2. A final resolution of the beneficiary of the issuer
22 evidencing its approval of the issuance of the issuer's obligations,
23 if the issuer is a municipal or county public trust, or a
24 certificate signed by the Governor of the state evidencing his

1 approval of the issuance of the issuer's obligations, to the extent
2 required under the Internal Revenue Code, if the issuer is a public
3 trust having the state as its beneficiary.

4 E. The application for state ceiling allocation shall contain
5 the following information:

6 1. The name and mailing address of the issuer, the beneficiary
7 and jurisdiction thereof, the name of the presiding officer of the
8 issuer and the respective pool from which an allocation is
9 requested;

10 2. The name and mailing address or other definitive description
11 of the location of the project or bonds and the purpose for which an
12 allocation of the state ceiling is requested, the name and mailing
13 address of both the initial owner or operator of the project, where
14 applicable, and an appropriate person from whom information
15 regarding the project or bonds can be obtained, and the name and
16 address of the person to whom the confirmation should be sent;

17 3. The amount of the state ceiling which the Issuer is
18 requesting;

19 4. A statement of bond counsel for the issuer that the proposed
20 issue requires, pursuant to Section 103, Section 146 or such other
21 applicable sections of the Internal Revenue Code, an allocation of a
22 portion of the state ceiling; and

23 5. Where applicable, the intention to exchange single-family
24 mortgage bond authority for mortgage credit certificates.

1 F. 1. Applications for single-family mortgage bonds or
2 mortgage credit certificate programs shall also include the
3 submission of information demonstrating a reasonable expectation to
4 use an allocation of the state ceiling for its intended purpose.
5 This information shall include historical usage of mortgage revenue
6 bond proceeds or mortgage credit certificates in the geographic area
7 subject to an application over the previous twenty-four-month period
8 and the impact of known or possible competing programs that would
9 act to reduce demand. This information may also include demand
10 surveys. Provided, in cases where historical usage cannot be
11 documented, demand surveys shall be included with an application.

12 2. Applications for qualified student loan bonds shall also
13 include the submission of information showing a reasonable
14 expectation to use the state ceiling for its intended purpose. This
15 information shall include historical lending activity over the
16 previous twenty-four-month period as well as a demonstration of need
17 based upon such factors as increased enrollment costs, enrollment
18 increases, or new federal regulations that act to increase demand by
19 making changes to eligibility requirements to certain federally
20 guaranteed or subsidized student loan programs. This information
21 may also include demand surveys. Provided, in cases where
22 historical usage cannot be documented, demand surveys shall be
23 included with an application.

24

1 3. Applications shall also include evidence of a structure to
2 deliver the financing derived from single-family mortgage bond
3 proceeds or mortgage credit certificates or from qualified student
4 loan bond proceeds to ultimate users, particularly the extent of
5 lender participation in the case of mortgage revenue bonds or
6 mortgage credit certificate programs.

7 G. 1. Upon receipt of the completed application for state
8 ceiling allocation, copies of the official action and final
9 resolutions or certificates as required by subsection D of this
10 section and the information required by subsections E and F of this
11 section and assuming availability of the sum requested and
12 compliance with the Oklahoma Private Activity Bond Allocation Act,
13 the ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall
14 send, within five (5) business days of the receipt thereof, a
15 confirmation of the allocation of the state ceiling for the subject
16 project or purpose to the person designated in the application for
17 state ceiling allocation. Provided, the ~~State Bond Advisor~~ Deputy
18 Treasurer for Debt Management may reject an application or deny a
19 confirmation pursuant to the provisions of this subsection.

20 2. The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management
21 may reject any application which is incomplete or filed with
22 insufficient information. The ~~State Bond Advisor~~ Deputy Treasurer
23 for Debt Management may reject any application where, in the ~~State~~
24 ~~Bond Advisor's~~ Deputy Treasurer for Debt Management's judgment, a

1 reasonable likelihood has not been shown that single-family mortgage
2 and student loan bond proceeds or mortgage credit certificates will
3 be used for their intended public purposes. In the event an
4 application or confirmation is denied, within five (5) business days
5 following such denial, the ~~State Bond Adviser~~ Deputy Treasurer for
6 Debt Management shall send the applicant written notice of the
7 denial of an application or confirmation together with the reason or
8 reasons therefor. In the case of disapprovals of applications or
9 confirmations, an applicant may appeal the disapproval by submitting
10 a new application to the Council of Bond Oversight, along with an
11 explanation addressing the reasons for disapproval cited in the
12 ~~State Bond Adviser's~~ Deputy Treasurer for Debt Management's letter.
13 The Council of Bond Oversight, through affirmative action of the
14 Council, may accept an application rejected by the ~~State Bond~~
15 ~~Adviser~~ Deputy Treasurer for Debt Management, or order the ~~State~~
16 ~~Bond Adviser~~ Deputy Treasurer for Debt Management to issue a
17 confirmation of allocation, subject to provisions of the Oklahoma
18 Private Activity Bond Allocation Act. Applicants may submit only
19 one new application based on an appeal of any specific application
20 previously submitted.

21 3. Only complete applications, as determined by the ~~State Bond~~
22 ~~Adviser~~ Deputy Treasurer for Debt Management, shall be used to
23 establish the chronological order of applications. In the case of a
24

1 new application submitted based on an appeal, chronological order
2 shall be established at the time the new application is submitted.

3 H. An original confirmation shall cease to be effective to
4 assure allocation of any portion of the state ceiling unless the
5 bonds, notes, other evidences of indebtedness, or the appropriate
6 election filed with the Internal Revenue Service exchanging mortgage
7 bond authority for mortgage credit certificate authority have been
8 issued or filed within one hundred twenty (120) days after the date
9 of such confirmation. No extensions shall be granted. Such
10 issuance shall be evidenced by the mailing, transmittal or delivery
11 of a final certification to the ~~State Bond Advisor~~ Deputy Treasurer
12 for Debt Management within the time specified by this subsection.
13 Receipt by an issuer of a confirmation as contemplated by this
14 section shall entitle the issuer to rely conclusively upon the
15 accuracy of the ~~State Bond Advisor's~~ Deputy Treasurer for Debt
16 Management's mathematical calculation and the allocation for
17 purposes of closing.

18 I. The confirmation given in advance of bond issuance or
19 mortgage credit certificate election will assure allocation for only
20 the amount of such bonds or mortgage credit certificate authority as
21 is therein set forth, unless a supplementary application for state
22 ceiling allocation for an increase in amount is filed with and a
23 supplementary confirmation is issued by the ~~State Bond Advisor~~
24 Deputy Treasurer for Debt Management for such requested allocation

1 prior to such bond issuance or such election, pursuant to the
2 Oklahoma Private Activity Bond Allocation Act. The supplementary
3 confirmation shall be effective for the same period as the prior
4 confirmation which it supplements. Provided, however, no
5 supplementary confirmation shall be effective to preempt any
6 intervening confirmation as to allocation of a portion of the state
7 ceiling.

8 J. Notwithstanding the provisions of this section, all
9 confirmation dates for an issue of private activity bonds or
10 mortgage credit certificate programs expire on December 20 of each
11 calendar year. Final certification of issuance shall be delivered
12 to the ~~State Bond Advisor~~ Deputy Treasurer for Debt Management by
13 9:00 a.m. on December 20 of each calendar year.

14 K. On or after 9:00 a.m. on December 20 of each calendar year,
15 issuing authorities may apply to the ~~State Bond Advisor~~ Deputy
16 Treasurer for Debt Management to carry forward a portion of the
17 state ceiling for such calendar year allocated to any qualified
18 carryforward project, as said term is used in Section 103(n)(10) and
19 146(f) of the Internal Revenue Code and which shall be evidenced by
20 the issuance of confirmations for all carryforward projects within
21 the limitations of the state ceiling. Provided, issuers or projects
22 with more than Twenty Million Dollars (\$20,000,000.00) of
23 carryforward outstanding as of the date of the application for
24 carryforward shall only be eligible for carryforward allocations to

1 the extent other issuers with less than Twenty Million Dollars
2 (\$20,000,000.00) of outstanding carryforward authority do not fully
3 commit the state ceiling. Allocations on carryforward projects
4 shall be processed on the basis of the chronological receipt of
5 applications. No portion of the state ceiling carried forward for
6 any given year may be carried forward for a period in excess of
7 three (3) calendar years following the calendar year in which the
8 carryforward arose, except as otherwise permitted under federal law.

9 L. ~~The State Bond Advisor~~ Deputy Treasurer for Debt Management
10 shall maintain continuous and cumulative records which shall include
11 a list and cumulative dollar total of the private activity bonds for
12 which:

13 1. Private activity bonds have been issued or state ceiling
14 exchanged for mortgage credit certificate authority and final
15 certifications have been received by the ~~State Bond Advisor~~ Deputy
16 Treasurer for Debt Management;

17 2. Confirmations of carryforward have been issued; and

18 3. Confirmations in effect and outstanding for which no private
19 activity bonds or mortgage credit certificate elections have been
20 issued or filed.

21 The ~~State Bond Advisor~~ Deputy Treasurer for Debt Management shall
22 keep continuous and cumulative records and totals for each of the
23 categories specified in paragraphs 1, 2 and 3 of this subsection as
24 well as the aggregate total of all categories. The ~~State Bond~~

1 ~~Advisor~~ Deputy Treasurer for Debt Management shall not give further
2 confirmations at such time as the aggregate amount of bonds, other
3 indebtedness, carryforward or mortgage credit certificate elections
4 specified by paragraphs 1, 2 and 3 of this subsection equals the
5 state ceiling authorized for the applicable year. The ~~State Bond~~
6 ~~Advisor~~ Deputy Treasurer for Debt Management shall not award a
7 confirmation if such award would cause indebtedness, carryforward or
8 elections as specified by paragraphs 1, 2 and 3 of this subsection
9 to exceed the state ceiling. Confirmation records shall be compiled
10 and furnished to any local issuer and state issuer upon written
11 request and payment of a fee of Fifteen Dollars (\$15.00) which shall
12 be apportioned to the General Revenue Fund. Upon issuance of a
13 confirmation, the amounts of the proposed bond issue, mortgage
14 credit certificate election and carryforward confirmation shall be
15 included in the continuing, mathematical calculation, until the same
16 shall have been terminated in accordance with this section.

17 M. The person signing any confirmation for any allocations
18 granted pursuant to the Oklahoma Private Activity Bond Allocation
19 Act shall certify under penalty of perjury that such allocation was
20 not made in consideration of any bribe, gift, gratuity or direct or
21 indirect contribution to any political campaign.

22 N. A state or local issuer, who intentionally overissues
23 mortgage credit certificates or bonds, shall be prohibited from
24 making application for an allocation of the state ceiling for any

1 purpose for a period of three (3) years following discovery of such
2 over issuance.

3 SECTION 11. AMENDATORY Section 1, Chapter 278, O.S.L.
4 2017 (62 O.S. Supp. 2018, Section 34.200-1), is amended to read as
5 follows:

6 Section 34.200-1 A. The ~~State Bond Advisor~~ State Treasurer in
7 cooperation with the Office of Management and Enterprise Services
8 shall produce a written debt affordability study (study) to be
9 presented to the Legislature and the Governor.

10 B. The study shall be used to determine Oklahoma's debt
11 position relative to its benchmark debt ratio of debt service as a
12 percentage of revenues. The study shall incorporate information
13 available in other sources, such as the ~~Annual Report of the~~
14 ~~Oklahoma State Bond Advisor and the Bonded Indebtedness Report~~
15 produced by the State Treasurer, into an analysis of Oklahoma's debt
16 position.

17 C. The study shall include the net tax-supported and net
18 revenue-supported debt of this state for the most recently concluded
19 fiscal year. It shall also include the debt for the most recently
20 concluded fiscal year of state agencies and state-beneficiary public
21 trusts which are authorized to issue debt.

22 D. The study shall include the following:

23 1. Projections of debt service, future debt issuance, and debt
24 to capacity, such as debt service as a percentage of revenues. Each

1 projection shall extend at least five (5) years from the study's
2 fiscal year of publication;

3 2. A discussion of Oklahoma's unfunded pension liabilities and
4 the impact of these liabilities on the state's ability to borrow and
5 cost of debt;

6 3. An identification and calculation of relevant metrics
7 including, but not limited to, debt service as a percentage of
8 revenues, total debt as a percentage of state personal income, and
9 total debt per capita;

10 4. A comparison of debt metrics to a select group of at least
11 ten other states so that Oklahoma may be able to measure and
12 contextualize its debt relative to other states;

13 5. A sensitivity analysis to understand the effects of
14 uncertain conditions. This sensitivity analysis may include
15 analysis on the impact of debt ratios of revenues being above or
16 below expectations or interest rates increasing or decreasing from
17 positions at time of publication; and

18 6. An estimate of available debt capacity the state may issue
19 over the next five (5) years without causing the benchmark debt
20 ratio of debt service as a percentage of revenues to exceed five
21 percent (5%). This estimate is based on the state's net tax-
22 supported debt and the debt of the relevant state units and
23 agencies.

24

1 E. In preparing any authorization of new debt, the debt-issuing
2 entity, the Legislature, and the Governor shall take the study's
3 recommendations and estimates into consideration. In addition, the
4 study's recommendations and estimates shall be taken into
5 consideration by the Legislature and the Governor during capital
6 planning and budgeting processes.

7 F. The ~~State Bond Advisor~~ State Treasurer and the Office of
8 Management and Enterprise Services shall report the results of the
9 study to the Legislature by transmitting a copy to the Speaker of
10 the House of Representatives, the President Pro Tempore of the State
11 Senate, and to the Governor on or before January 15 of each year.

12 G. The study's recommendations and estimates shall be advisory
13 and not binding.

14 SECTION 12. AMENDATORY 73 O.S. 2011, Section 156.1, is
15 amended to read as follows:

16 Section 156.1 A. The Oklahoma Capitol Improvement Authority is
17 authorized to issue bonds, notes, or other obligations for the
18 purpose of refinancing or restructuring its outstanding obligations.

19 B. The bonds or other obligations issued pursuant to this
20 section shall not at any time be deemed to constitute a debt of the
21 state or of any political subdivision thereof or a pledge of the
22 faith and credit of the state or any such political subdivision.

23 C. Such bonds or other obligations shall contain on the face
24 thereof a statement that neither the faith and credit nor the taxing

1 power of the state or any political subdivision thereof is pledged,
2 or may hereafter be pledged to the payment of the principal of or
3 the interest on such bonds.

4 D. To the extent funds are available from the proceeds of the
5 borrowing authorized by this section, the Oklahoma Capitol
6 Improvement Authority shall provide for the payment of professional
7 fees and associated costs approved by the ~~Oklahoma State Bond~~
8 ~~Advisor~~ Deputy Treasurer for Debt Management. The Authority is
9 authorized to hire bond counsel, financial consultants, and such
10 other professionals as it may deem necessary to provide for the
11 efficient sale of the obligations and may utilize a portion of the
12 proceeds of any borrowing to create such reserves as may be deemed
13 necessary and to pay costs associated with the issuance and
14 administration of such obligations.

15 E. An issuance of bonds under this section may be undertaken to
16 achieve an overall debt service savings, modify restrictive bond
17 document covenants, or reduce payment requirements during periods of
18 fiscal stress. To achieve these objectives, the Authority is
19 authorized to extend the final maturity of its outstanding
20 obligations if necessary, but in no event shall the final maturity
21 of an individual bond issue be extended more than ten (10) years
22 without the approval of the Council of Bond Oversight.

23 F. The obligations authorized under this section may be sold at
24 either competitive or negotiated sale, as determined by the

1 Authority, and in such form and at such prices as may be authorized
2 by the Authority. The Authority may issue obligations in one or
3 more series and may set such other terms and conditions as may be
4 necessary, in its judgment to achieve an efficient financing. The
5 Authority may enter into agreements with such credit enhancers and
6 liquidity providers as may be determined necessary to efficiently
7 market the obligations, including the purchase of surety policies or
8 other financial instruments to be utilized in lieu of reserve funds.
9 The obligations may mature and have such provisions for redemption
10 as shall be determined by the Authority, but in no event shall the
11 final maturity of such obligations occur later than thirty (30)
12 years from the delivery date.

13 G. Any interest on the funds or accounts created for the
14 purposes of this section may be utilized as partial payment of the
15 annual debt service or for the purposes directed by the Authority.

16 H. The obligations issued under this section, the transfer
17 thereof and the interest earned on such obligations, including any
18 profit derived from the sale thereof, shall not be subject to
19 taxation of any kind by the State of Oklahoma, or by any county,
20 municipality or political subdivision therein.

21 I. The Authority may direct the investment of all monies in any
22 funds or accounts created in connection with the offering of the
23 obligations authorized under this section. Such investments shall
24 be made in a manner consistent with the investment guidelines of the

1 State Treasurer. The Authority may place additional restrictions on
2 the investment of such monies if necessary to enhance the
3 marketability of the obligations.

4 J. The obligations issued under this section shall be retired
5 by payments made to the Oklahoma Capitol Improvement Authority from
6 the various agencies that entered into leases and other agreements
7 in connection with the original financings. To the extent required
8 by the Authority, such agencies are authorized and directed to enter
9 into new lease agreements with the Authority.

10 K. The Authority is hereby specifically authorized to purchase
11 surety policies or other financial instruments to replace existing
12 debt service reserves. Any payment for such policies or other
13 instruments may be made from the cash reserves being replaced or any
14 other legally available source.

15 L. The Oklahoma Department of Transportation shall make
16 payments from the State Transportation Fund to pay obligations
17 incurred pursuant to agreements with the Oklahoma Capitol
18 Improvement Authority. It is the intent of the Oklahoma Legislature
19 to maintain the funding level of the State Transportation Fund as
20 required in order for the Department of Transportation to fully pay
21 any and all obligations incurred by the Department of Transportation
22 with respect to agreements entered into by the Department of
23 Transportation and the Oklahoma Capitol Improvement Authority. With
24 respect to other state agencies that have entered into agreements

1 with the Oklahoma Capitol Improvement Authority, it is the intent of
2 the Oklahoma Legislature to appropriate sufficient monies to make
3 rental payments for the purposes of retiring the obligations created
4 pursuant to this section.

5 M. Insofar as they are not in conflict with the provisions of
6 this section, the provisions of Section 151 et seq. of Title 73 of
7 the Oklahoma Statutes shall apply to bonds issued pursuant to this
8 section, including the provision relating to the exclusive original
9 jurisdiction of the Supreme Court of the State of Oklahoma.

10 SECTION 13. This act shall become effective July 1, 2019.

11 SECTION 14. It being immediately necessary for the preservation
12 of the public peace, health or safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

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