

1 ENGROSSED SENATE AMENDMENT  
TO

2 ENGROSSED HOUSE  
BILL NO. 2764

By: Montgomery of the House

and

Ford of the Senate

3  
4  
5  
6  
7 An Act relating to education\*\*\*authorizing executive  
8 director or chief administrative officer; specifying  
9 powers and duties with regard to employees; imposing  
10 time limit for certain recognition of exempt status;  
11 providing for receipt of contributions\*\*\*providing  
12 for expenditures; prescribing procedures for  
13 expenditures; providing for income tax checkoff for  
14 the Oklahoma Education Finance Authority Endowment  
15 Fund; prescribing procedures for individuals and  
16 corporations; providing for codification; and  
17 providing an effective date.

13

14 AUTHOR: Add the following House Coauthor: Wood

15 AUTHOR: Add the following Senate Coauthor: Loveless

16

17 AMENDMENT NO. 1. Page 1, strike the title, enacting clause and  
18 entire bill and insert

18

19 "[ education - Oklahoma Education Finance Authority -  
20 board of trustees - receipt of contributions -  
21 investment of principal - expenditure of earnings -  
22 Oklahoma Education Finance Authority Endowment Fund -  
23 codification - effective date ]

21

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

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1           SECTION 1.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 28-101 of Title 70, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. There is hereby created the Oklahoma Education Finance  
5 Authority.

6           B. The Authority shall be governed by a board of trustees  
7 consisting of seven (7) members to be selected or appointed as  
8 follows:

9           1. The Superintendent of Public Instruction or a designee shall  
10 serve as chair of the Authority;

11           2. Two persons appointed by the Governor, one of whom shall be  
12 a member of a statewide association representing school boards of  
13 common school districts and one of whom shall be a member of a  
14 statewide association representing classroom teachers;

15           3. Two persons appointed by the Speaker of the House of  
16 Representatives, one of whom shall have substantial experience in  
17 the financial services industry and one of whom shall be a member of  
18 a statewide association representing school administration; and

19           4. Two persons appointed by the President Pro Tempore of the  
20 Senate, one of whom shall have substantial experience in the  
21 financial services industry.

22           C. One of the appointees initially appointed by the Governor  
23 shall serve a term of two (2) years. The other appointee shall  
24

1 serve a term of three (3) years. Thereafter, the term for all  
2 appointees of the Governor shall be for three (3) years.

3 D. One of the appointees initially appointed by the Speaker of  
4 the House of Representatives shall serve a term of two (2) years.  
5 The other appointee shall serve a term of three (3) years.  
6 Thereafter, the term of the appointees of the Speaker of the House  
7 of Representatives shall be for three (3) years.

8 E. One of the appointees initially appointed by the President  
9 Pro Tempore of the Senate shall serve a term of two (2) years. The  
10 other appointee shall serve a term of three (3) years. Thereafter,  
11 the term of the appointees of the President Pro Tempore shall be for  
12 three (3) years.

13 F. The Authority shall be subject to the Oklahoma Open Meeting  
14 Act.

15 G. Unless a specific exemption is applicable, the Authority  
16 shall be subject to the Oklahoma Open Records Act.

17 H. The Authority shall have the power to adopt administrative  
18 rules, and such rulemaking shall be subject to the applicable  
19 provisions of the Administrative Procedures Act.

20 I. A majority of the membership of the board of trustees shall  
21 be required to conduct business or take any official action.

22 J. The Authority shall meet as often as required in order to  
23 perform the duties imposed upon it but shall meet no less often than  
24 quarterly during a calendar or fiscal year.

1       K. Within thirty (30) days from the effective date of this act  
2 or within thirty (30) days from the date by which all required  
3 appointments to the board of trustees have been made, whichever date  
4 occurs last, the Authority shall make application to the Internal  
5 Revenue Service for recognition of exempt status either for the  
6 Authority or an entity created pursuant to the Oklahoma General  
7 Corporation Act, the Oklahoma Limited Liability Company Act, the  
8 Oklahoma Revised Uniform Partnership Act or such other enactment as  
9 may be required in order to provide a method pursuant to which  
10 contributions for the purposes described by this act may be made to  
11 an entity so that the contributions would be eligible for a  
12 deduction as a charitable contribution pursuant to the Internal  
13 Revenue Code of 1986, as amended.

14       L. The Authority shall utilize the services of the Office of  
15 the State Treasurer to manage the funds under its control with the  
16 care, skill, prudence and diligence under the circumstances then  
17 prevailing that a prudent person acting in a like capacity and  
18 familiar with such matters would use in the conduct of an enterprise  
19 of a like character and with like aims and by diversifying the  
20 investments of the Authority so as to minimize the risk of large  
21 losses, unless under the circumstances it is clearly prudent not to  
22 do so.

23       M. The Authority and the State Treasurer may engage the  
24 services of professional investment advisors, professional fund

1 managers or such other professional services as may be required in  
2 order to perform the duties imposed upon it pursuant to law.

3 N. Except as provided by subsection P of this section, neither  
4 the Authority nor the State Treasurer shall expend any principal  
5 amount of funds donated pursuant to the provisions of this act, and  
6 the Authority may only expend interest income, dividend income,  
7 proceeds from the sale of assets under its control, if any, or other  
8 forms of earnings based upon the investment of the principal amount  
9 forming the corpus of the Oklahoma Education Finance Authority  
10 Endowment Fund.

11 O. Earnings as described by subsection N of this section may  
12 only be expended for salary increases for classroom teachers  
13 employed by a common school district, bonuses for such classroom  
14 teachers, textbooks, supplies or other materials used in the  
15 classroom for a common school district, grants for capital  
16 improvements made by a common school district and training or  
17 continuing education programs for classroom teachers.

18 P. Not more than one and five-tenths percent (1.5%) of the  
19 earnings from the Oklahoma Education Finance Authority Endowment  
20 Fund may be used for the administrative costs of the Authority which  
21 shall include any per diem or travel expenses for the members of the  
22 board of trustees.

23 Q. For the fiscal years ending June 30, 2017, and June 30,  
24 2018, not more than two percent (2%) of the principal of the

1 Oklahoma Education Finance Authority Endowment Fund may be used for  
2 the administrative costs of the Authority.

3 R. The Authority shall create and maintain or cause to be  
4 created and maintained an Internet website which provides detailed  
5 information regarding amounts contributed to the Oklahoma Education  
6 Finance Authority Endowment Fund, the expenses of the fund and the  
7 operational expenditures of the Authority. Such information shall  
8 also be compiled into an annual report and provided to each person  
9 or entity making a contribution to the Authority.

10 SECTION 2. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 28-102 of Title 70, unless there  
12 is created a duplication in numbering, reads as follows:

13 There is hereby created in the State Treasury a revolving fund  
14 for the Oklahoma Education Finance Authority to be designated the  
15 "Oklahoma Education Finance Authority Endowment Fund". The fund  
16 shall be a continuing fund, not subject to fiscal year limitations,  
17 and shall consist of all monies received by the Oklahoma Education  
18 Finance Authority from contributions made to the Authority or from  
19 other lawfully authorized sources including funds from income tax  
20 checkoffs authorized pursuant to Section 3 of this act. All monies  
21 accruing to the credit in the form of interest income, earnings,  
22 dividends or other sources of income not consisting of principal or  
23 corpus of the fund are hereby appropriated and may be budgeted and  
24 expended by the Oklahoma Education Finance Authority for the purpose

1 of providing funding for common education as described in Section 1  
2 of this act. Expenditures from the fund shall be made upon warrants  
3 issued by the State Treasurer against claims filed as prescribed by  
4 law with the Director of the Office of Management and Enterprise  
5 Services for approval and payment.

6 SECTION 3. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 2368.28 of Title 68, unless  
8 there is created a duplication in numbering, reads as follows:

9 A. Each state individual income tax return form for tax years  
10 which begin after December 31, 2016, and each state corporate tax  
11 return form for tax years beginning after December 31, 2016, shall  
12 contain a provision to allow a donation from a tax refund for the  
13 benefit of the Oklahoma Education Finance Authority Endowment Fund  
14 as follows:

15 "Support of Oklahoma Education Finance Authority Endowment Fund.  
16 Check if you wish to donate from your tax refund: ( ) \$2, ( ) \$5,  
17 or ( ) \$\_\_\_\_\_."

18 B. Except as otherwise provided for in this section, all monies  
19 generated pursuant to subsection A of this section shall be paid to  
20 the State Treasurer by the Oklahoma Tax Commission and placed to the  
21 credit of the Income Tax Checkoff Revolving Fund for the Support of  
22 Oklahoma Education Finance Authority Endowment Fund created in  
23 subsection C of this section.

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1 C. There is hereby created in the State Treasury a revolving  
2 fund for the Oklahoma Education Finance Authority to be designated  
3 the "Income Tax Checkoff Revolving Fund for the Support of Oklahoma  
4 Education Finance Authority Endowment Fund". The fund shall be a  
5 continuing fund, not subject to fiscal year limitations, and shall  
6 consist of all monies apportioned to the fund pursuant to the  
7 provisions of this section. All monies accruing to the credit of  
8 the fund are hereby appropriated and may be budgeted and expended by  
9 the Oklahoma Education Finance Authority for the purpose of funding  
10 common education in this state consistent with the requirements of  
11 Section 1 of this act. Expenditures from the fund shall be made  
12 upon warrants issued by the State Treasurer against claims filed as  
13 prescribed by law with the Director of the Office of Management and  
14 Enterprise Services for approval and payment.

15 D. If a taxpayer makes a donation pursuant to subsection A of  
16 this section in error, such taxpayer may file a claim for refund at  
17 any time within three (3) years from the due date of the tax return.  
18 Such claims shall be filed pursuant to the provisions of Section  
19 2373 of Title 68 of the Oklahoma Statutes. Prior to the  
20 apportionment set forth in this section, an amount equal to the  
21 total amount of refunds made pursuant to this subsection during any  
22 one (1) year shall be deducted from the total donations received  
23 pursuant to this section during the following year and such amount  
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1 deducted shall be paid to the State Treasurer and placed to the  
2 credit of the Income Tax Withholding Refund Account.

3 SECTION 4. This act shall become effective November 1, 2016."

4 and when the title is restored, amend the title to  
5 conform

6 Passed the Senate the 20th day of April, 2016.

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\_\_\_\_\_  
Presiding Officer of the Senate

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10 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
11 2016.

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Presiding Officer of the House  
of Representatives

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1 ENGROSSED HOUSE  
2 BILL NO. 2764

By: Montgomery of the House

3 and

4 Ford of the Senate

5  
6 An Act relating to education; creating the Oklahoma  
7 Education Finance Authority; providing for  
8 appointments to the board of trustees; prescribing  
9 terms of office; providing for applicability of  
10 Oklahoma Open Meeting Act; providing for  
11 applicability of Oklahoma Open Records Act; providing  
12 exception; authorizing adoption of administrative  
13 rules; providing for applicability of Administrative  
14 Procedures Act; imposing quorum requirement;  
15 authorizing meetings; prescribing minimum number of  
16 meetings; authorizing executive director or chief  
17 administrative officer; specifying powers and duties  
18 with regard to employees; imposing time limit for  
19 certain recognition of exempt status; providing for  
20 receipt of contributions; requiring investment of  
21 principal according to certain standard; providing  
22 for expenditure of earnings; authorizing certain  
23 expenditure of principal for certain expenses;  
24 limiting expenditure of principal based on fiscal  
year designations; requiring website; prescribing  
requirements for certain information to be accessible  
through website; creating the Oklahoma Education  
Finance Authority Endowment Fund; providing for  
sources of income; providing for expenditures;  
prescribing procedures for expenditures; providing  
for income tax checkoff for the Oklahoma Education  
Finance Authority Endowment Fund; prescribing  
procedures for individuals and corporations;  
providing for codification; and providing an  
effective date.

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

1 SECTION 5. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 28-101 of Title 70, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. There is hereby created the Oklahoma Education Finance  
5 Authority.

6 B. The Authority shall be governed by a board of trustees  
7 consisting of seven (7) members to be selected or appointed as  
8 follows:

9 1. The State Superintendent of Public Instruction or a designee  
10 shall serve as chair of the Authority;

11 2. Two persons appointed by the Governor, one of whom shall be  
12 a member of a statewide association representing school boards of  
13 common school districts and one of whom shall be a member of a  
14 statewide association representing classroom teachers;

15 3. Two persons appointed by the Speaker of the Oklahoma House  
16 of Representatives, one of whom shall have substantial experience in  
17 the financial services industry and one of whom shall be a member of  
18 a statewide association representing school administration; and

19 4. Two persons appointed by the President Pro Tempore of the  
20 Oklahoma State Senate, one of whom shall have substantial experience  
21 in the financial services industry.

22 C. One of the appointees initially appointed by the Governor  
23 shall serve a term of two (2) years. The other appointee shall  
24

1 serve a term of three (3) years. Thereafter, the term for all  
2 appointees of the Governor shall be for three (3) years.

3 D. One of the appointees initially appointed by the Speaker of  
4 the Oklahoma House of Representatives shall serve a term of two (2)  
5 years. The other appointee shall serve a term of three (3) years.  
6 Thereafter, the term of the appointees of the Speaker of the  
7 Oklahoma House of Representatives shall be for three (3) years.

8 E. One of the appointees initially appointed by the President  
9 Pro Tempore of the Oklahoma State Senate shall serve a term of two  
10 (2) years. The other appointee shall serve a term of three (3)  
11 years. Thereafter, the term of the appointees of the President Pro  
12 Tempore shall be for three (3) years.

13 F. The Authority shall be subject to the Oklahoma Open Meeting  
14 Act.

15 G. Unless a specific exemption is applicable, the Authority  
16 shall be subject to the Oklahoma Open Records Act.

17 H. The Authority shall have the power to adopt administrative  
18 rules, and such rulemaking shall be subject to the applicable  
19 provisions of the Oklahoma Administrative Procedures Act.

20 I. A majority of the membership of the board of trustees shall  
21 be required to conduct business or take any official action.

22 J. The Authority shall meet as often as required in order to  
23 perform the duties imposed upon it but shall meet no less often than  
24 quarterly during a calendar or fiscal year.

1 K. The Authority may hire an executive director or chief  
2 administrative officer to oversee the operations of the Authority,  
3 including but not limited to the receipt of contributions or other  
4 income, the proper management of the endowment fund, the  
5 disbursement of income from the endowment fund or such other matters  
6 as may be required. The executive director or chief administrative  
7 officer shall be responsible for the hiring, training, supervision,  
8 promotion, discipline, termination or other matters related to the  
9 employees of the Authority.

10 L. Within thirty (30) days from the effective date of this act  
11 or within thirty (30) days from the date as of which all required  
12 appointments to the board of trustees have been made, whichever date  
13 occurs last, the Authority shall make application to the Internal  
14 Revenue Service for recognition of exempt status either for the  
15 Authority or an entity created pursuant to the Oklahoma General  
16 Corporation Act, the Oklahoma Limited Liability Company Act, the  
17 Oklahoma Revised Limited Partnership Act or such other enactment as  
18 may be required in order to provide a method pursuant to which  
19 contributions for the purposes described by this act may be made to  
20 an entity so that the contributions would be eligible for a  
21 deduction as a charitable contribution pursuant to the Internal  
22 Revenue Code of 1986, as amended.

23 M. The Authority shall manage the funds under its control with  
24 the care, skill, prudence and diligence under the circumstances then

1 prevailing that a prudent person acting in a like capacity and  
2 familiar with such matters would use in the conduct of an enterprise  
3 of a like character and with like aims and by diversifying the  
4 investments of the System so as to minimize the risk of large  
5 losses, unless under the circumstances it is clearly prudent not to  
6 do so.

7 N. The Authority may engage the services of professional  
8 investment advisors, professional fund managers or such other  
9 professional services as may be required in order to perform the  
10 duties imposed upon it pursuant to law.

11 O. Except as provided by subsection Q of this section, the  
12 Authority shall be prohibited from expending any principal amount of  
13 funds donated pursuant to the provisions of this act and may only  
14 expend interest income, dividend income, proceeds from the sale of  
15 assets under its control, if any, or other forms of earnings based  
16 upon the investment of the principal amount forming the corpus of  
17 the Oklahoma Education Finance Authority Endowment Fund.

18 P. Earnings as described by subsection O of this section may  
19 only be expended for salary increases for classroom teachers  
20 employed by a common school district, bonuses for such classroom  
21 teachers, textbooks, supplies or other materials used in the  
22 classroom for a common school district, grants for capital  
23 improvements made by a common school district and training or  
24 continuing education programs for classroom teachers.

1 Q. Not more than one and five-tenths percent (1.5%) of the  
2 earnings from the Oklahoma Education Finance Authority Endowment  
3 Fund may be used for the administrative costs of the Authority which  
4 shall include any per diem or travel expenses for the members of the  
5 board of trustees.

6 R. For the fiscal years ending June 30, 2017, and June 30,  
7 2018, not more than two percent (2.0%) of the principal of the  
8 Oklahoma Education Finance Authority Endowment Fund may be used for  
9 the administrative costs of the Authority.

10 S. The Authority shall create and maintain or cause to be  
11 created and maintained an Internet website which provides detailed  
12 information regarding amounts contributed to the Oklahoma Education  
13 Finance Authority Endowment Fund, the expenses of the fund and the  
14 operational expenditures of the Authority. Such information shall  
15 also be compiled into an annual report and provided to each person  
16 or entity making a contribution to the Authority.

17 SECTION 6. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 28-102 of Title 70, unless there  
19 is created a duplication in numbering, reads as follows:

20 There is hereby created in the State Treasury a revolving fund  
21 for the Oklahoma Education Finance Authority to be designated the  
22 "Oklahoma Education Finance Authority Endowment Fund". The fund  
23 shall be a continuing fund, not subject to fiscal year limitations,  
24 and shall consist of all monies received by the Oklahoma Education

1 Finance Authority from contributions made to the Authority or from  
2 other lawfully authorized sources including funds from income tax  
3 checkoffs authorized pursuant to Section 3 of this act. All monies  
4 accruing to the credit in the form of interest income, earnings,  
5 dividends or other sources of income not consisting of principal or  
6 corpus of said fund are hereby appropriated and may be budgeted and  
7 expended by the Oklahoma Education Finance Authority for the purpose  
8 of providing funding for common education as described in Section 1  
9 of this act. Expenditures from said fund shall be made upon  
10 warrants issued by the State Treasurer against claims filed as  
11 prescribed by law with the Director of the Office of Management and  
12 Enterprise Services for approval and payment.

13 SECTION 7. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2368.28 of Title 68, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. Each state individual income tax return form for tax years  
17 which begin after December 31, 2016, and each state corporate tax  
18 return form for tax years beginning after December 31, 2016, shall  
19 contain a provision to allow a donation from a tax refund for the  
20 benefit of the Oklahoma Education Finance Authority Endowment Fund  
21 as follows:

22 Support of Oklahoma Education Finance Authority Endowment Fund.  
23 Check if you wish to donate from your tax refund: ( ) \$2, ( ) \$5,  
24 or ( ) \$\_\_\_\_\_.



1 B. Except as otherwise provided for in this section, all monies  
2 generated pursuant to subsection A of this section shall be paid to  
3 the State Treasurer by the Oklahoma Tax Commission and placed to the  
4 credit of the Income Tax Checkoff Revolving Fund for the Support of  
5 Oklahoma Education Finance Authority Endowment Fund created in  
6 subsection C of this section.

7 C. There is hereby created in the State Treasury a revolving  
8 fund for the Oklahoma Education Finance Authority to be designated  
9 the "Income Tax Checkoff Revolving Fund for the Support of Oklahoma  
10 Education Finance Authority Endowment Fund". The fund shall be a  
11 continuing fund, not subject to fiscal year limitations, and shall  
12 consist of all monies apportioned to the fund pursuant to the  
13 provisions of this section. All monies accruing to the credit of  
14 the fund are hereby appropriated and may be budgeted and expended by  
15 the Oklahoma Education Finance Authority for the purpose of funding  
16 common education in this state consistent with the requirements of  
17 Section 1 of this act. Expenditures from the fund shall be made  
18 upon warrants issued by the State Treasurer against claims filed as  
19 prescribed by law with the Director of the Office of Management and  
20 Enterprise Services for approval and payment.

21 D. If a taxpayer makes a donation pursuant to subsection A of  
22 this section in error, such taxpayer may file a claim for refund at  
23 any time within three (3) years from the due date of the tax return.  
24 Such claims shall be filed pursuant to the provisions of Section

1 2373 of Title 68 of the Oklahoma Statutes. Prior to the  
2 apportionment set forth in this section, an amount equal to the  
3 total amount of refunds made pursuant to this subsection during any  
4 one (1) year shall be deducted from the total donations received  
5 pursuant to this section during the following year and such amount  
6 deducted shall be paid to the State Treasurer and placed to the  
7 credit of the Income Tax Withholding Refund Account.

8 SECTION 8. This act shall become effective November 1, 2016.

9 Passed the House of Representatives the 2nd day of March, 2016.

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11 \_\_\_\_\_  
12 Presiding Officer of the House  
of Representatives

13 Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2016.

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17 Presiding Officer of the Senate