



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

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

6 1. One member shall be appointed by the President Pro Tempore  
7 of the Senate;

8 2. One member shall be appointed by the Speaker of the House of  
9 Representatives;

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

12 4. The State Treasurer or his or her designee shall be a  
13 member.

14 B. Three members shall constitute a quorum. The affirmative  
15 vote of three members shall be necessary for any action to be taken  
16 by the Council.

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

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

1 impair the right of the Council to exercise all duties of the  
2 Council.

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

7 F. The Attorney General shall provide legal counsel to the  
8 Council.

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

11 SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.7, as  
12 last amended by Section 3, Chapter 374, O.S.L. 2017 (62 O.S. Supp.  
13 2018, Section 695.7), is amended to read as follows:

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

1           When hiring a person to the position of ~~Oklahoma State Bond~~  
2 ~~Advisor~~ Deputy Treasurer for Debt Management, the State Treasurer  
3 shall conduct a national search in seeking requests for proposals  
4 for the position.

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

9           C. 1. Except as provided in Section 695.8 of this title, prior  
10 to engaging the services of underwriters, bond or other legal  
11 counsel, financial advisors, consultants, a financial institution to  
12 serve as trustee, paying agent or in any fiduciary capacity in  
13 connection with any program, indenture or general resolution of the  
14 State Governmental Entity, or any other experts, except as provided  
15 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State  
16 Governmental Entity shall, in conjunction with a State Governmental  
17 Entity Financing, request proposals for such services from a  
18 plurality of persons engaged in the particular activity for such  
19 services and the selection of such persons shall be made on the  
20 basis of the response to the request which is the most economical  
21 and will provide competent service which furthers the best interest  
22 of the State Governmental Entity and the state. In negotiating  
23 requests for proposals to engage such services, the State  
24 Governmental Entity shall seek the advice and assistance of the

1 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management.  
2 Under no circumstances shall proprietary inducements be granted.  
3 The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management  
4 shall provide assistance and advice to State Governmental Entities  
5 with respect to the issuance of obligations by the State  
6 Governmental Entities, review, negotiate, and approve or disapprove  
7 the fees and expenses for goods and services requisite to or deemed  
8 desirable in the issuance of State Governmental Entity obligations  
9 and State Governmental Entity Financing and shall represent the  
10 interests of the state before rating agencies and credit enhancement  
11 providers.

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

22 D. The ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt  
23 Management shall serve as an advisor to the Governor and to the  
24 Legislature with respect to issuance of indebtedness reviewed by the

1 Council and shall prepare an annual report to be submitted to the  
2 Governor, the President Pro Tempore of the Senate and the Speaker of  
3 the House of Representatives as of January 15 each year. The report  
4 shall contain a summary of the issuance of indebtedness by State  
5 Governmental Entities during the preceding year.

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

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

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

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

24

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

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

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

1           indebtedness being issued by the Oklahoma Development  
2           Finance Authority to the extent said bonds or  
3           indebtedness are enhanced or supported pursuant to the  
4           Credit Enhancement Reserve Fund Act.

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

1 individual project or loan, removed from the submitted  
2 package within such forty-five-day period.

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

22 5. Adopt, amend and repeal rules to regulate affairs of the  
23 Council and to implement the powers and purposes of the Council.  
24

1 B. The Council ~~may establish budgets~~ and State Treasurer in  
2 order to fulfill ~~its~~ their duties pursuant to the Oklahoma Bond  
3 Oversight and Reform Act ~~and~~ shall be authorized to charge and  
4 collect a fee, ~~in accordance with the rules of the Council,~~ derived  
5 from proceeds of bond issues approved by the Council.

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

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

19 B. 1. With respect to any State Governmental Entity Financing  
20 proposed to be obtained through the issuance of its obligations, any  
21 State Governmental Entity or Local Governmental Entity shall file  
22 with the Council a written description of the nature, need and  
23 purpose of such proposed financing. The Council shall review the  
24 description of the proposed financing in order to either approve or

1 disapprove the purpose to be served by the issuance of said State  
2 Governmental Entity obligations and for compliance with any  
3 applicable provisions of federal, state or other laws.

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

22 3. Except as provided in paragraph 4 of this subsection,  
23 approval provided for in paragraph 1 of this subsection shall expire  
24 one hundred eighty (180) days after such approval. Provided, if

1 such approval expires, nothing shall prevent the State Governmental  
2 Entity from refileing with the Council for approval of such financing  
3 and, if granted, any one subsequent approval of such financing shall  
4 be valid for a period, not to exceed one hundred eighty (180) days,  
5 as determined by the Council.

6 4. Applicants having received approval, as provided for in  
7 paragraph 1 of this subsection, may request and the ~~Oklahoma State~~  
8 ~~Bond Adviser~~ Deputy Treasurer for Debt Management may grant, at ~~the~~  
9 ~~Oklahoma State Bond Adviser's~~ his or her discretion, a single one-  
10 hundred-eighty-day extension. Any request for an extension must be  
11 made at least five (5) business days prior to the expiration of the  
12 original approval. Applicants failing to request an extension in  
13 this manner may refile with the Council as provided for in paragraph  
14 3 of this subsection.

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

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

1 D. Upon the request of a Local Governmental Entity, the  
2 ~~Oklahoma State Bond Advisor~~ Deputy Treasurer for Debt Management may  
3 provide advice and assistance to the Local Governmental Entity with  
4 respect to the issuance of obligations. The ~~Oklahoma State Bond~~  
5 ~~Advisor~~ State Treasurer may assess reasonable fees for such  
6 services.

7 SECTION 5. AMENDATORY Section 5, Chapter 374, O.S.L.  
8 2017 (62 O.S. Supp. 2018, Section 695.10A), is amended to read as  
9 follows:

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

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

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

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

20 D. The disclosure shall be filed annually with the Oklahoma  
21 ~~State Bond Advisor~~ Deputy Treasurer for Debt Management not later  
22 than January 15, or the first business day after such date if  
23 January 15 is not a date upon which the State Treasurer's office is  
24 open for business, and shall include an itemized description of all

1 direct financial contributions made to any and all of the entities  
2 described by subsections B and C of this section by the public  
3 finance service provider during the immediately preceding calendar  
4 year.

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

1 required to be provided to any member of the board of trustees of  
2 the public trust unless such person is not a member of the governing  
3 board of the unit of local government.

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

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

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

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

1 the Council of Bond Oversight pursuant to the provisions of the  
2 Oklahoma Bond Oversight and Reform Act.

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

5 Section 695.23 As used in the Oklahoma Private Activity Bond  
6 Allocation Act:

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

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

14 3. "Carryforward" shall have the same meaning as in Section  
15 146(f) of the Internal Revenue Code;

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

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

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

1        7. "Economic Development Pool" means that portion of the state  
2 ceiling reserved for projects specifically authorized by the Council  
3 of Bond Oversight, as provided for in subsection B of Section 695.24  
4 of this title;

5        ~~7.~~ 8. "Exempt facility bonds" means exempt facility bonds as  
6 defined in Section 142(a) of the Internal Revenue Code;

7        ~~8.~~ 9. "Exempt Facility Pool" means the portion of the state  
8 ceiling reserved for exempt facility bonds;

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

17        ~~10.~~ 11. "Internal Revenue Code" means the Internal Revenue Code  
18 of 1986 (26 U.S.C., Section 1 et seq.), as amended;

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

24

1       ~~12.~~ 13. "Issuer" or "issuing authority" means any public trust  
2 or other entity which is authorized to issue tax-exempt bonds, notes  
3 and other like obligations, or has the authority to exchange single-  
4 family mortgage bond authority for mortgage credit certificate  
5 authority, under the Constitution or laws of the state;

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

10       ~~14.~~ 15. "Local Issuer Single Family Pool" means the portion of  
11 the state ceiling reserved for local issuers of single-family,  
12 mortgage revenue bonds and mortgage credit certificates;

13       ~~15.~~ 16. "Metropolitan Area Housing Pool" means the portion of  
14 the state ceiling reserved pursuant to subsection I of Section  
15 695.24 of this title;

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

20       ~~17.~~ 18. "Mortgage credit certificates" shall have the same  
21 meaning as in Section 25(c) of the Internal Revenue Code;

22       ~~18.~~ 19. "Oklahoma Housing Finance Agency Pool" means that  
23 portion of the state ceiling reserved for single-family bonds,  
24

1 multifamily bonds, and mortgage credit certificates issued by the  
2 Oklahoma Housing Finance Agency;

3 ~~19.~~ 20. "Private activity bonds" or "bonds" means any bonds or  
4 notes or other evidence of indebtedness, the interest on which is  
5 exempt from tax pursuant to the Internal Revenue Code, and mortgage  
6 credit certificates, except those bonds or certificates specifically  
7 excluded from the state ceiling under the terms of federal  
8 legislation;

9 ~~20.~~ 21. "Qualified small issue" used in the context of "bond"  
10 or "bonds" or the "Qualified Small Issue Pool" shall have the  
11 meaning as in Section 144(a) of the Internal Revenue Code;

12 ~~21.~~ 22. "Qualified Small Issue Pool" means the portion of the  
13 state ceiling reserved for qualified small issue bonds;

14 ~~22.~~ 23. "Qualified student loan bonds" shall have the same  
15 meaning as in Section 144(b) of the Internal Revenue Code;

16 ~~23.~~ 24. "Rural Area Housing Pool" means the portion of the  
17 state ceiling reserved pursuant to subsection J of Section 695.24 of  
18 this title;

19 ~~24.~~ 25. "State" means the State of Oklahoma;

20 ~~25.~~ ~~"State Bond Advisor" means the Oklahoma State Bond Advisor~~  
21 ~~or his or her designee;~~

22 26. "State ceiling" means the limit which is prescribed by the  
23 Internal Revenue Code in Section 146 and in such other applicable  
24 sections of the Internal Revenue Code on the amount of private

1 activity bonds which may be issued collectively by all of the  
2 issuers of the state during a calendar year;

3 27. "State issuer" means any public trust having the state as  
4 beneficiary or any state agency or other entity with powers to issue  
5 private activity bonds, provided that the term shall not include a  
6 public trust or any local issuer with the state as beneficiary whose  
7 jurisdiction is limited to one county;

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

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

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

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

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

21 B. Twelve percent (12%) of the state ceiling shall be reserved  
22 and placed in a pool designated as the Economic Development Pool.  
23 For the period January 1 through September 1 of each calendar year,  
24 allocations from this pool may be made only upon the recommendation

1 of the Director of the Oklahoma Department of Commerce and following  
2 review and approval by the Council of Bond Oversight. In order to  
3 approve the recommendation, the Council of Bond Oversight must find  
4 that the project seeking an allocation from this pool will result in  
5 the creation of manufacturing jobs in this state or will in some  
6 other way contribute to an economic development objective of this  
7 state. For purposes of this subsection, "manufacturing jobs" means  
8 jobs created by manufacturing facilities as that term is defined in  
9 subparagraphs a, b, and c of paragraph 1 of subsection B of Section  
10 2902 of Title 68 of the Oklahoma Statutes.

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

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

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

22 2. For the period January 1 through September 1 of each  
23 calendar year, the Beginning Agricultural Producer Pool shall be  
24

1 allocated pursuant to the criteria established in Section 5063.23 of  
2 Title 74 of the Oklahoma Statutes.

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

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

10 F. 1. Except as otherwise provided by this subsection, fifteen  
11 percent (15%) of the state ceiling shall be reserved and placed in a  
12 pool to be designated the Oklahoma Housing Finance Agency Pool.  
13 Provided, however, that the allocation of the state ceiling to the  
14 Oklahoma Housing Finance Agency as otherwise authorized pursuant to  
15 this subsection shall be increased up to ten percent (10%) of the  
16 state ceiling amount for any calendar year subsequent to a  
17 certification by the Oklahoma Strategic Military Planning Commission  
18 that the available housing stock in an area located on or near a  
19 military installation at risk for closure or adverse realignment  
20 pursuant to federal law is inadequate and an increase in available  
21 funds for construction or rehabilitation of such housing would make  
22 closure or an adverse realignment of the military installation less  
23 likely. The certification by the Oklahoma Strategic Military  
24 Planning Commission shall be made and communicated to the ~~State Bond~~

1 ~~Advisor~~ Deputy Treasurer for Debt Management not later than November  
2 15 each year. The Oklahoma Strategic Military Planning Commission  
3 shall make a specific recommendation to the ~~State Bond Advisor~~  
4 Deputy Treasurer for Debt Management regarding the percentage  
5 increase to be adopted for the Oklahoma Housing Finance Agency pool  
6 for the ensuing year. The ~~State Bond Advisor~~ Deputy Treasurer for  
7 Debt Management shall make the final determination regarding the  
8 amount of such increase. Any certification made by the Oklahoma  
9 Strategic Military Planning Commission shall be valid only for the  
10 calendar year immediately following such certification.

11 2. a. For the period January 1 through September 1 of each  
12 year, the Oklahoma Housing Finance Agency Pool shall  
13 be allocated to qualified single family bonds,  
14 multifamily bonds, or mortgage credit certificates  
15 issued by the Oklahoma Housing Finance Agency.

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

22 G. 1. Four percent (4%) of the state ceiling shall be reserved  
23 and placed in a pool to be designated the State Issuer Pool. For  
24 the period commencing January 1 of each calendar year through

1 September 1 of the same year, the State Issuer Pool shall be  
2 allocated to those qualified small issuer projects undertaken by  
3 state issuers which have issued in excess of Seventy-five Million  
4 Dollars (\$75,000,000.00) in qualified small issue bonds.

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

8 H. Seventeen and five-tenths percent (17.5%) of the state  
9 ceiling shall be reserved and placed in a pool to be designated the  
10 Local Issuer Single Family Pool. For the period commencing January  
11 1 of each calendar year through September 1 of the same year, the  
12 Local Issuer Single Family Pool shall be allocated to single-family  
13 projects undertaken by local issuers in counties with populations of  
14 three hundred thousand (300,000) or less on a first-come, first-  
15 serve basis with no single local issuer or project to receive an  
16 allocation in excess of Ten Million Dollars (\$10,000,000.00) from  
17 the Local Issuer Single Family Pool. An issuer which has not  
18 received any allocation from the State Issuer Pool and having a  
19 single-family project limited in jurisdiction to twenty counties or  
20 less, each of which has a population of three hundred thousand  
21 (300,000) or less, shall be considered a local issuer for the  
22 purposes of this subsection.

23 I. Twelve and five-tenths percent (12.5%) of the state ceiling  
24 shall be reserved and placed in a pool to be designated the

1 Metropolitan Area Housing Pool. Allocations from the Metropolitan  
2 Area Housing Pool may only be made to any public trust created to  
3 provide single-family housing having a county with a population in  
4 excess of three hundred thousand (300,000) as its sole beneficiary  
5 and which has issued tax exempt single-family housing revenue bonds  
6 in the amount of at least Four Hundred Million Dollars  
7 (\$400,000,000.00). Provided, no more than fifty percent (50%) of  
8 the amount allocated pursuant to this subsection shall be awarded to  
9 any single county.

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

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

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

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

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

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

21 In the event a confirmation or application is denied, the ~~State~~  
22 ~~Bond Advisor~~ Deputy Treasurer for Debt Management, within five (5)  
23 business days following such denial, shall send written notice of  
24

1 such denial to the applicant together with a brief recital of the  
2 reason therefor.

3 M. 1. On September 2 of each calendar year, nonallocated sums  
4 remaining in the Economic Development Pool, Qualified Small Issue  
5 Pool, the Beginning Agricultural Producer Pool, the Exempt Facility  
6 Pool, the Student Loan Pool, the Oklahoma Housing Finance Agency  
7 Pool, the State Issuer Pool, the Local Issuer Single Family Pool,  
8 the Metropolitan Area Housing Pool and the Rural Area Housing Pool  
9 shall be consolidated into the Consolidated Pool.

10 2. All local issuers and state issuers shall be entitled to  
11 obtain allocations from the Consolidated Pool for any private  
12 activity bond or mortgage credit certificate program based on the  
13 chronological order of completed applications received after January  
14 1 of each calendar year which applications have not received an  
15 allocation.

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

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

23 B. On or before February 15 of each calendar year, the ~~State~~  
24 ~~Bond Advisor~~ Deputy Treasurer for Debt Management shall cause to be

1 published in The Oklahoma Register, or any successor publication, a  
2 notice specifying the amount of the state ceiling for the calendar  
3 year.

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

14 D. An issuer which proposes to issue private activity bonds for  
15 a specific project or purpose shall make application for an  
16 allocation of a portion of the state ceiling for the particular  
17 project or purpose by submitting to the ~~State Bond Advisor~~ Deputy  
18 Treasurer for Debt Management an application for state ceiling  
19 allocation together with copies of the following:

20 1. A certified copy of the resolution or other action adopted  
21 by the issuer for the purpose of taking "official action" as  
22 required by the Treasury Regulations relating to Section 103 of the  
23 Internal Revenue Code, if the issuer of private activity bonds for  
24

1 which the allocation is requested requires "official action" under  
2 applicable Treasury Regulations and the Internal Revenue Code; and

3 2. A final resolution of the beneficiary of the issuer  
4 evidencing its approval of the issuance of the issuer's obligations,  
5 if the issuer is a municipal or county public trust, or a  
6 certificate signed by the Governor of the state evidencing his  
7 approval of the issuance of the issuer's obligations, to the extent  
8 required under the Internal Revenue Code, if the issuer is a public  
9 trust having the state as its beneficiary.

10 E. The application for state ceiling allocation shall contain  
11 the following information:

12 1. The name and mailing address of the issuer, the beneficiary  
13 and jurisdiction thereof, the name of the presiding officer of the  
14 issuer and the respective pool from which an allocation is  
15 requested;

16 2. The name and mailing address or other definitive description  
17 of the location of the project or bonds and the purpose for which an  
18 allocation of the state ceiling is requested, the name and mailing  
19 address of both the initial owner or operator of the project, where  
20 applicable, and an appropriate person from whom information  
21 regarding the project or bonds can be obtained, and the name and  
22 address of the person to whom the confirmation should be sent;

23 3. The amount of the state ceiling which the Issuer is  
24 requesting;

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

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

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

18 2. Applications for qualified student loan bonds shall also  
19 include the submission of information showing a reasonable  
20 expectation to use the state ceiling for its intended purpose. This  
21 information shall include historical lending activity over the  
22 previous twenty-four-month period as well as a demonstration of need  
23 based upon such factors as increased enrollment costs, enrollment  
24 increases, or new federal regulations that act to increase demand by

1 making changes to eligibility requirements to certain federally  
2 guaranteed or subsidized student loan programs. This information  
3 may also include demand surveys. Provided, in cases where  
4 historical usage cannot be documented, demand surveys shall be  
5 included with an application.

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

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

1           2.   ~~The State Bond Advisor~~ Deputy Treasurer for Debt Management  
2 may reject any application which is incomplete or filed with  
3 insufficient information.   ~~The State Bond Advisor~~ Deputy Treasurer  
4 for Debt Management may reject any application where, in the ~~State~~  
5 ~~Bond Advisor's~~ Deputy Treasurer for Debt Management's judgment, a  
6 reasonable likelihood has not been shown that single-family mortgage  
7 and student loan bond proceeds or mortgage credit certificates will  
8 be used for their intended public purposes. In the event an  
9 application or confirmation is denied, within five (5) business days  
10 following such denial, the ~~State Bond Advisor~~ Deputy Treasurer for  
11 Debt Management shall send the applicant written notice of the  
12 denial of an application or confirmation together with the reason or  
13 reasons therefor. In the case of disapprovals of applications or  
14 confirmations, an applicant may appeal the disapproval by submitting  
15 a new application to the Council of Bond Oversight, along with an  
16 explanation addressing the reasons for disapproval cited in the  
17 ~~State Bond Advisor's~~ Deputy Treasurer for Debt Management's letter.  
18 The Council of Bond Oversight, through affirmative action of the  
19 Council, may accept an application rejected by the ~~State Bond~~  
20 ~~Advisor~~ Deputy Treasurer for Debt Management, or order the ~~State~~  
21 ~~Bond Advisor~~ Deputy Treasurer for Debt Management to issue a  
22 confirmation of allocation, subject to provisions of the Oklahoma  
23 Private Activity Bond Allocation Act. Applicants may submit only  
24

1 one new application based on an appeal of any specific application  
2 previously submitted.

3 3. Only complete applications, as determined by the ~~State Bond~~  
4 ~~Advisor~~ Deputy Treasurer for Debt Management, shall be used to  
5 establish the chronological order of applications. In the case of a  
6 new application submitted based on an appeal, chronological order  
7 shall be established at the time the new application is submitted.

8 H. An original confirmation shall cease to be effective to  
9 assure allocation of any portion of the state ceiling unless the  
10 bonds, notes, other evidences of indebtedness, or the appropriate  
11 election filed with the Internal Revenue Service exchanging mortgage  
12 bond authority for mortgage credit certificate authority have been  
13 issued or filed within one hundred twenty (120) days after the date  
14 of such confirmation. No extensions shall be granted. Such  
15 issuance shall be evidenced by the mailing, transmittal or delivery  
16 of a final certification to the ~~State Bond Advisor~~ Deputy Treasurer  
17 for Debt Management within the time specified by this subsection.

18 Receipt by an issuer of a confirmation as contemplated by this  
19 section shall entitle the issuer to rely conclusively upon the  
20 accuracy of the ~~State Bond Advisor's~~ Deputy Treasurer for Debt  
21 Management's mathematical calculation and the allocation for  
22 purposes of closing.

23 I. The confirmation given in advance of bond issuance or  
24 mortgage credit certificate election will assure allocation for only

1 the amount of such bonds or mortgage credit certificate authority as  
2 is therein set forth, unless a supplementary application for state  
3 ceiling allocation for an increase in amount is filed with and a  
4 supplementary confirmation is issued by the ~~State Bond Advisor~~  
5 Deputy Treasurer for Debt Management for such requested allocation  
6 prior to such bond issuance or such election, pursuant to the  
7 Oklahoma Private Activity Bond Allocation Act. The supplementary  
8 confirmation shall be effective for the same period as the prior  
9 confirmation which it supplements. Provided, however, no  
10 supplementary confirmation shall be effective to preempt any  
11 intervening confirmation as to allocation of a portion of the state  
12 ceiling.

13 J. Notwithstanding the provisions of this section, all  
14 confirmation dates for an issue of private activity bonds or  
15 mortgage credit certificate programs expire on December 20 of each  
16 calendar year. Final certification of issuance shall be delivered  
17 to the ~~State Bond Advisor~~ Deputy Treasurer for Debt Management by  
18 9:00 a.m. on December 20 of each calendar year.

19 K. On or after 9:00 a.m. on December 20 of each calendar year,  
20 issuing authorities may apply to the ~~State Bond Advisor~~ Deputy  
21 Treasurer for Debt Management to carry forward a portion of the  
22 state ceiling for such calendar year allocated to any qualified  
23 carryforward project, as said term is used in Section 103(n)(10) and  
24 146(f) of the Internal Revenue Code and which shall be evidenced by

1 the issuance of confirmations for all carryforward projects within  
2 the limitations of the state ceiling. Provided, issuers or projects  
3 with more than Twenty Million Dollars (\$20,000,000.00) of  
4 carryforward outstanding as of the date of the application for  
5 carryforward shall only be eligible for carryforward allocations to  
6 the extent other issuers with less than Twenty Million Dollars  
7 (\$20,000,000.00) of outstanding carryforward authority do not fully  
8 commit the state ceiling. Allocations on carryforward projects  
9 shall be processed on the basis of the chronological receipt of  
10 applications. No portion of the state ceiling carried forward for  
11 any given year may be carried forward for a period in excess of  
12 three (3) calendar years following the calendar year in which the  
13 carryforward arose, except as otherwise permitted under federal law.

14 L. ~~The State Bond Advisor~~ Deputy Treasurer for Debt Management  
15 shall maintain continuous and cumulative records which shall include  
16 a list and cumulative dollar total of the private activity bonds for  
17 which:

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

22 2. Confirmations of carryforward have been issued; and  
23  
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1           3. Confirmations in effect and outstanding for which no private  
2 activity bonds or mortgage credit certificate elections have been  
3 issued or filed.

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

24

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

6 N. A state or local issuer, who intentionally overissues  
7 mortgage credit certificates or bonds, shall be prohibited from  
8 making application for an allocation of the state ceiling for any  
9 purpose for a period of three (3) years following discovery of such  
10 over issuance.

11 SECTION 11. AMENDATORY Section 1, Chapter 278, O.S.L.  
12 2017 (62 O.S. Supp. 2018, Section 34.200-1), is amended to read as  
13 follows:

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

18 B. The study shall be used to determine Oklahoma's debt  
19 position relative to its benchmark debt ratio of debt service as a  
20 percentage of revenues. The study shall incorporate information  
21 available in other sources, such as the ~~Annual Report of the~~  
22 ~~Oklahoma State Bond Advisor and the Bonded Indebtedness Report~~  
23 produced by the State Treasurer, into an analysis of Oklahoma's debt  
24 position.

1 C. The study shall include the net tax-supported and net  
2 revenue-supported debt of this state for the most recently concluded  
3 fiscal year. It shall also include the debt for the most recently  
4 concluded fiscal year of state agencies and state-beneficiary public  
5 trusts which are authorized to issue debt.

6 D. The study shall include the following:

7 1. Projections of debt service, future debt issuance, and debt  
8 to capacity, such as debt service as a percentage of revenues. Each  
9 projection shall extend at least five (5) years from the study's  
10 fiscal year of publication;

11 2. A discussion of Oklahoma's unfunded pension liabilities and  
12 the impact of these liabilities on the state's ability to borrow and  
13 cost of debt;

14 3. An identification and calculation of relevant metrics  
15 including, but not limited to, debt service as a percentage of  
16 revenues, total debt as a percentage of state personal income, and  
17 total debt per capita;

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

21 5. A sensitivity analysis to understand the effects of  
22 uncertain conditions. This sensitivity analysis may include  
23 analysis on the impact of debt ratios of revenues being above or  
24

1 below expectations or interest rates increasing or decreasing from  
2 positions at time of publication; and

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

9 E. In preparing any authorization of new debt, the debt-issuing  
10 entity, the Legislature, and the Governor shall take the study's  
11 recommendations and estimates into consideration. In addition, the  
12 study's recommendations and estimates shall be taken into  
13 consideration by the Legislature and the Governor during capital  
14 planning and budgeting processes.

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

20 G. The study's recommendations and estimates shall be advisory  
21 and not binding.

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

24

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

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

8 C. Such bonds or other obligations shall contain on the face  
9 thereof a statement that neither the faith and credit nor the taxing  
10 power of the state or any political subdivision thereof is pledged,  
11 or may hereafter be pledged to the payment of the principal of or  
12 the interest on such bonds.

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

24

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

9 F. The obligations authorized under this section may be sold at  
10 either competitive or negotiated sale, as determined by the  
11 Authority, and in such form and at such prices as may be authorized  
12 by the Authority. The Authority may issue obligations in one or  
13 more series and may set such other terms and conditions as may be  
14 necessary, in its judgment to achieve an efficient financing. The  
15 Authority may enter into agreements with such credit enhancers and  
16 liquidity providers as may be determined necessary to efficiently  
17 market the obligations, including the purchase of surety policies or  
18 other financial instruments to be utilized in lieu of reserve funds.  
19 The obligations may mature and have such provisions for redemption  
20 as shall be determined by the Authority, but in no event shall the  
21 final maturity of such obligations occur later than thirty (30)  
22 years from the delivery date.

23  
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1 G. Any interest on the funds or accounts created for the  
2 purposes of this section may be utilized as partial payment of the  
3 annual debt service or for the purposes directed by the Authority.

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

9 I. The Authority may direct the investment of all monies in any  
10 funds or accounts created in connection with the offering of the  
11 obligations authorized under this section. Such investments shall  
12 be made in a manner consistent with the investment guidelines of the  
13 State Treasurer. The Authority may place additional restrictions on  
14 the investment of such monies if necessary to enhance the  
15 marketability of the obligations.

16 J. The obligations issued under this section shall be retired  
17 by payments made to the Oklahoma Capitol Improvement Authority from  
18 the various agencies that entered into leases and other agreements  
19 in connection with the original financings. To the extent required  
20 by the Authority, such agencies are authorized and directed to enter  
21 into new lease agreements with the Authority.

22 K. The Authority is hereby specifically authorized to purchase  
23 surety policies or other financial instruments to replace existing  
24 debt service reserves. Any payment for such policies or other

1 instruments may be made from the cash reserves being replaced or any  
2 other legally available source.

3 L. The Oklahoma Department of Transportation shall make  
4 payments from the State Transportation Fund to pay obligations  
5 incurred pursuant to agreements with the Oklahoma Capitol  
6 Improvement Authority. It is the intent of the Oklahoma Legislature  
7 to maintain the funding level of the State Transportation Fund as  
8 required in order for the Department of Transportation to fully pay  
9 any and all obligations incurred by the Department of Transportation  
10 with respect to agreements entered into by the Department of  
11 Transportation and the Oklahoma Capitol Improvement Authority. With  
12 respect to other state agencies that have entered into agreements  
13 with the Oklahoma Capitol Improvement Authority, it is the intent of  
14 the Oklahoma Legislature to appropriate sufficient monies to make  
15 rental payments for the purposes of retiring the obligations created  
16 pursuant to this section.

17 M. Insofar as they are not in conflict with the provisions of  
18 this section, the provisions of Section 151 et seq. of Title 73 of  
19 the Oklahoma Statutes shall apply to bonds issued pursuant to this  
20 section, including the provision relating to the exclusive original  
21 jurisdiction of the Supreme Court of the State of Oklahoma.

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

23 SECTION 14. It being immediately necessary for the preservation  
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

3

4 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
5 02/14/2019 - DO PASS, As Coauthored.

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