

1 ENGROSSED SENATE
2 BILL NO. 1564

By: Dugger of the Senate

3 and

4 Burns of the House

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6 An Act relating to revenue; amending 68 O.S. 2021,
7 Section 3003, which relates to income of political
8 subdivisions; allowing political subdivisions to use
state and tribal funds in certain processes; updating
statutory language; and providing an effective date.

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

12 SECTION 1. AMENDATORY 68 O.S. 2021, Section 3003, is
13 amended to read as follows:

14 Section 3003. A. It shall be unlawful for the governing board
15 of any county, city, town, school district, or other governmental
16 subdivision of this state, in preparation of its budget for any
17 fiscal year, to estimate as probable income from sources other than
18 ad valorem tax of such governmental subdivision of the state and
19 other than any excise or other tax assessed by legislative enactment
20 and distributed in lieu of ad valorem taxes, any revenue from
21 nonrecurrent sources, regardless of such collections in the
22 immediately preceding fiscal year, to be derived from or the result
23 of sales, forfeitures, penalties, gifts, federal aid allotments of
24 every kind, windfalls, seizures, sheriff's sales, court actions

1 whether civil or criminal, injunctions or protests won or released
2 by dismissal, or from any other such source not normally recurrent
3 year after year and so made recurrent by legislative enactment.
4 Provided, that upon a finding by the governing board of any county,
5 city, town, school district, or other governmental subdivision of
6 this state, that a source of income, although nonrecurrent, will
7 actually be available for the next ensuing fiscal year, the board
8 may include such income in its estimate of probable income.
9 Provided, that shared revenues of the federal government, if
10 ascertainable, shall be allowed to be included in the estimates. It
11 shall also be unlawful for any excise board to approve or require
12 the same, or for any supervisory state board, commission, or
13 officer, or for any agent or employee of either thereof to
14 countenance, approve, or require the same or to diminish in any
15 degree the distribution or allotment of state revenues or
16 appropriations by reason of such collections in a prior year or
17 prospect of such collections in the ensuing year; nor shall any
18 revenue received by a school district from gross production taxes
19 during the immediately preceding fiscal year, which was payable to
20 such district in another year or years, be considered as minimum
21 program income of such district for state aid purposes. The
22 provisions of Section 21 of Title 21 of the Oklahoma Statutes shall
23 be applicable where the foregoing prohibitions are disregarded.
24 Revenue received by a school district during the immediately

1 preceding year, which was earned by, or which was payable to, such
2 school district in another year or years, shall not be considered as
3 minimum program income of such district for state aid purposes.

4 B. All funds received by counties, cities, towns, or other
5 subdivisions of government in ~~the State of Oklahoma~~ this state,
6 hereinafter referred to as the recipient government, from the
7 federal government pursuant to the distribution of funds authorized
8 by the state shall be deposited in the treasury of the recipient
9 government in a fund which shall be recorded and accounted for
10 separately and apart from all other funds. Principal and interest
11 received from investments of the federal monies, proceeds from the
12 sale of assets purchased from the federal monies, and other
13 miscellaneous income derived from the direct operation of the
14 federal monies may be deposited in the fund from which the federal
15 monies were deposited if required by the federal government or by
16 the governing board of the recipient government.

17 The unappropriated cash balance on hand may be appropriated as
18 needed upon the request of the governing board of the recipient
19 government and approval by the county excise board; provided, if
20 the governing board of the recipient government determines the need
21 to do so, it may estimate the amount remaining to be collected from
22 its entitlement from federal funds during the remainder of its
23 fiscal year and include such estimate in its request for
24 appropriations. The estimate shall not exceed the amount of the

1 entitlement which is to be received during the remainder of the
2 recipient government's fiscal year or, if the amount of the
3 entitlement has not been certified, ninety percent (90%) of such
4 funds received during a corresponding period of the previous fiscal
5 year; provided, that if the entitlement is less than that estimated
6 or if the entitlement to be collected during the recipient
7 government's fiscal year, in addition to the unappropriated cash
8 balance, is reduced below the amount appropriated for the fiscal
9 year, the governing board of the recipient government shall request
10 the county excise board for an adequate reduction of appropriations
11 in the fund.

12 All disbursements made from the fund in which federal monies are
13 deposited shall be made in the same manner as those made from the
14 general fund of the recipient government; provided, that, no
15 warrants shall be drawn on the fund unless sufficient monies are
16 available to pay the warrants.

17 All forms and procedures necessary for the effective operation
18 of this act shall be prescribed by the office of the State Auditor
19 and Inspector.

20 C. All monies distributed by ~~the federal, state, or tribal~~
21 ~~government~~ governments and received by any state agency, board, or
22 commission to administer and distribute to counties, cities, towns,
23 or other subdivisions of the government in ~~the State of Oklahoma~~
24 this state, hereinafter referred to as the recipient government,

1 that do not follow procedures in subsection B of this section may
2 utilize the letter of commitment appropriation process as specified
3 in this subsection. The recipient government shall receive approval
4 for the program as required by the agency, board, or commission
5 administering the program and by the federal government, if
6 required. Once approved, the state agency, board, or commission may
7 authorize a letter of commitment of federal, state, or tribal monies
8 available to the recipient government. The ~~Excise Board~~ excise
9 board may approve an appropriation in the amount of the letter of
10 commitment. Each recipient government may establish a separate
11 appropriation within a special revenue fund designated for federal,
12 state, or tribal monies. The recipient government may encumber
13 funds in an amount not to exceed the sum of the total letter of
14 commitment, which is a binding commitment of funding which the
15 recipient government will receive for the project or projects
16 eligible for such federal funding. The encumbrance of funds
17 authorized by this section shall be made in accordance with
18 procedures prescribed by the State Auditor and Inspector and shall
19 be administered in accordance with rules and regulations concerning
20 such distribution adopted by the federal government and the state
21 agency, board, or commission. Any expenditure incurred by the
22 recipient government using the letter of commitment appropriation
23 process and disallowed by the federal, state, or tribal government

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1 or state agency, board, or commission administering the funds shall
2 be paid by the recipient government.

3 SECTION 2. This act shall become effective November 1, 2024.

4 Passed the Senate the 4th day of March, 2024.

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Presiding Officer of the Senate

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8 Passed the House of Representatives the ____ day of _____,
9 2024.

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Presiding Officer of the House
of Representatives

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