

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 1438

6 By: Patzkowsky

7 COMMITTEE SUBSTITUTE

8 An Act relating to waters and water rights; amending  
9 62 O.S. 2021, Section 2003, which relates to  
10 administration of Rural Economic Action Plan grant  
11 program; modifying monetary cap on the award of  
12 certain funds; amending 82 O.S. 2021, Section  
13 1085.39, which relates to grant; modifying monetary  
14 cap on certain grants; and providing an effective  
15 date.

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

17 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2003, is  
18 amended to read as follows:

19 Section 2003. A. Monies appropriated by law to the Oklahoma  
20 Water Resources Board for the purpose of funding the Rural Economic  
21 Action Plan grant program and the Rural Economic Action Plan Water  
22 Projects Fund shall be administered by the Oklahoma Water Resources  
23 Board as provided by this section.

24 B. The monies referred to in subsection A of this section shall  
be distributed to eligible cities and towns, unincorporated areas or

1 other qualified entities located within the areas represented by the  
2 following organizations:

- 3 1. Association of Central Oklahoma Governments (ACOG);
- 4 2. Association of South Central Oklahoma Governments (ASCOG);
- 5 3. Central Oklahoma Economic Development District (COEDD);
- 6 4. Eastern Oklahoma Economic Development District (EOEDD);
- 7 5. Grand Gateway Economic Development Association (GGEDA);
- 8 6. Indian Nations Council of Governments (INCOG);
- 9 7. Kiamichi Economic Development District (KEDDO);
- 10 8. Northern Oklahoma Development Association (NODA);
- 11 9. Oklahoma Economic Development Association (OEDA);
- 12 10. Southern Oklahoma Development Association (SODA); and
- 13 11. South Western Oklahoma Development Authority (SWODA).

14 C. The monies referred to in subsection A of this section shall  
15 not be expended for the benefit of cities or towns with a population  
16 in excess of seven thousand (7,000) persons according to the latest  
17 Federal Decennial Census. Funds may also be expended for any city  
18 or town with a population below seven thousand (7,000) persons based  
19 upon the current population estimate according to the U.S. Census  
20 Bureau. Funds may be expended for such cities and towns until the  
21 next following Federal Decennial Census. Any municipality may enter  
22 into an agreement with an entity described in subsection B of this  
23 section to apply for available funds described by this section if  
24 the municipality is located within the area served by the entity.

1 Upon approval of the application, funds shall be paid to the  
2 municipality requesting the funds.

3 D. An entity described in subsection B of this section may  
4 apply for a grant to be used for the benefit of an unincorporated  
5 area within a county served by that entity if the area benefited  
6 does not contain a population in excess of seven thousand (7,000)  
7 persons. Any county may enter into an agreement with an entity  
8 described in subsection B of this section if the county is located  
9 within the area served by the entity. Upon approval of the  
10 application, funds shall be paid to the county requesting the funds.

11 E. The monies referred to in subsection A of this section may  
12 be expended for water quality projects, including but not limited to  
13 sewer line construction or repair and related storm or sanitary  
14 sewer projects, water line construction or repair, water treatment,  
15 water acquisition, distribution or recovery and related projects.

16 F. Any city or town with a population less than one thousand  
17 seven hundred fifty (1,750) persons according to the latest Federal  
18 Decennial Census shall have a higher priority for funds allocated by  
19 the Oklahoma Water Resources Board from the amount referred to in  
20 subsection A of this section than jurisdictions of greater size.  
21 Among such cities or towns, those municipalities having relatively  
22 weaker fiscal capacity shall have a priority for project funding in  
23 preference to other municipalities.

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1 G. The Oklahoma Water Resources Board shall establish ten  
2 separate accounts containing one-tenth (1/10) of the amount annually  
3 appropriated to the Rural Economic Action Plan Water Projects Fund  
4 per account. Each account shall be available for distribution to  
5 qualified entities located within the area served by entities  
6 described in subsection A of Section 2007 of this title or for  
7 distribution to benefit unincorporated areas with the exception of  
8 one account which shall be divided equally into two subaccounts.  
9 Each one of the two subaccounts shall be available for distribution  
10 to qualified entities located within the respective jurisdiction of  
11 one of the entities described by subsection B of Section 2007 of  
12 this title or for distribution to benefit unincorporated areas. No  
13 funds deposited into one account or subaccount shall be transferred  
14 to any other account. The total expenditure from any one account or  
15 subaccount for each fiscal year may not exceed the amount of funds  
16 available to each account as may be provided by law.

17 H. No city, town or other entity to which funds will be awarded  
18 pursuant to this section shall be required to provide any form of  
19 match to obtain the funds, whether through cash, services or any  
20 other method.

21 I. The Oklahoma Water Resources Board shall not be allowed to  
22 retain any of the funds referred to in subsection A of this section  
23 for administration. All such funds shall be distributed to eligible  
24 entities as authorized by law.

1 J. In order to ensure fair and equitable distribution of the  
2 funds referred to in subsection A of this section, the Oklahoma  
3 Water Resources Board shall promulgate rules for administering,  
4 determining priority of, approving and funding applications for such  
5 funds. The rules shall implement the provisions of this section  
6 including the following:

7 1. No qualified entity shall be approved nor funded for more  
8 than ~~One Hundred Fifty Thousand Dollars (\$150,000.00)~~ Three Hundred  
9 Fifty Thousand Dollars (\$350,000.00) from such funds in any twelve-  
10 month period;

11 2. If a qualified entity has previously been approved for or  
12 received such funds and makes a subsequent application, that  
13 subsequent application may be assigned lower priority than an  
14 application by qualified entities who have not previously been  
15 approved for or received such funds;

16 3. In order to prevent substantially the same entity or area  
17 from receiving an undue advantage, a political subdivision and all  
18 its public trusts and similar subordinate entities together shall be  
19 treated as one and the same qualified entity; provided rural water  
20 or sewer districts shall not be construed to be subordinate entities  
21 of counties unless the effect would be to make multiple grants to  
22 substantially the same entity or service area; and

23 4. The Oklahoma Water Resources Board may establish limited  
24 time periods for processing applications for available funds.

1 SECTION 2. AMENDATORY 82 O.S. 2021, Section 1085.39, is  
2 amended to read as follows:

3 Section 1085.39. In furtherance of the purposes of Sections  
4 1085.31 through 1085.49 of this title:

5 1. The Oklahoma Water Resources Board shall administer grants  
6 from any monies which may be available to the Water Resources Fund  
7 for furtherance of the purposes of Sections 1085.31 through 1085.49  
8 of this title to eligible entities of the state with such conditions  
9 as shall in its discretion effectuate these purposes. For purposes  
10 of carrying out and implementing the provisions of this section,  
11 there is hereby created and established within the Water Resources  
12 Fund a grant account which shall contain such monies as may be  
13 available for purposes of carrying out the provisions of this  
14 section. No more than ten percent (10%) of such grants shall be  
15 used for planning purposes. All such eligible entities are hereby  
16 authorized to accept grants from the Board. No grant shall be made  
17 to any single eligible entity during any fiscal year in an amount  
18 exceeding twenty percent (20%) of the funds available for grants to  
19 eligible entities during that fiscal year nor shall such grant  
20 exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred  
21 Thousand Dollars (\$300,000.00). In the case of projects to which  
22 more than one eligible entity is a party, no such grant shall be  
23 made exceeding in amount twenty percent (20%) of funds available for  
24 such purposes per participating eligible entity nor shall such grant

1 exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred  
2 Thousand Dollars (\$300,000.00) per participating entity. In making  
3 such grants, the Board shall consider: The needs of the area to be  
4 served by the project and the benefit of the project to the area in  
5 relation to the needs of other areas requiring state assistance; the  
6 availability of revenue to the political subdivision, from all  
7 sources, for the ultimate repayment of the cost of the project,  
8 including interest; whether the political subdivision can reasonably  
9 finance the project without assistance from the state; and the  
10 relationship of the project to the overall statewide water and  
11 sewage treatment needs; and whether or not the applicant has taken  
12 all reasonable measures to limit waste and conserve water;

13 2. The Board shall prescribe such rules and regulations as may  
14 be necessary for determining the eligibility and priority of  
15 applicants for loans and grants and devise rules and regulations to  
16 insure fair and equitable distribution of said loans and grants; and  
17 promulgate and adopt such rules and regulations as may be necessary  
18 for purposes of expenditures and payments. Provided, no grant of  
19 funds shall be made unless such grant is necessary to assist public  
20 bodies in emergency situations. Provided also priorities for use of  
21 loan and grant money for a particular project shall be established  
22 by the state agency with primary responsibility. Provided further,  
23 that the Board shall not adopt any rule, regulation or condition  
24 requiring that a particular attorney or law firm be employed by any

1 eligible entity in connection with such entity's grants or loans  
2 from the Board; and

3 3. The Board is hereby authorized to direct that up to fifty  
4 percent (50%) of the interest income from the investment of monies  
5 in the Statewide Water Development Revolving Fund and the Water  
6 Resources Fund Grant Account accruing from and after the date of  
7 this act be deposited in the Statewide Water Development Revolving  
8 Fund created under Section 1085.40 of this title.

9 The Board may adopt reasonable nondiscriminatory standards for  
10 selection of legal counsel.

11 SECTION 3. This act shall become effective November 1, 2025.

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