

1 STATE OF OKLAHOMA

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

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 1590

6 By: Lepak

7
8 SUBCOMMITTEE RECOMMENDATION

9 An Act relating to public finance; enacting the
10 Oklahoma Education Infrastructure Linked Deposit
11 Program Act; defining terms; requiring State
12 Treasurer to disseminate information; authorizing
13 administration of program; authorizing issuance of
14 guidelines; requiring annual report; providing for
15 certain loan packages; prescribing procedures for
16 applications to participate in program; imposing
17 restriction on loan agreements; prohibiting certain
18 conflict of interest; imposing requirement with
19 respect to use of loan proceeds; providing for
20 evaluation of education service entity; prescribing
21 procedures for review; providing for determination of
22 certain interest rate; prohibiting false statements;
23 providing for review of loan packages by State
24 Treasurer; prescribing procedures in the event of
application rejections; providing for evaluation by
State Treasurer; providing for placement of certain
state funds; providing for deposit agreements;
stating requirements of agreements; imposing duty on
lending institution; prescribing requirement with
respect to interest rate; providing for certificates
of compliance; providing for immunity from liability;
providing for effect of certain events related to
loan agreement; prescribing maximum loan amount;
authorizing renewals; providing for codification;
providing an effective date; and declaring an
emergency.

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

2 SECTION 1. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 92.1 of Title 62, unless there
4 is created a duplication in numbering, reads as follows:

5 This act shall be known and cited as the "Oklahoma Education
6 Infrastructure Linked Deposit Program".

7 SECTION 2. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 92.2 of Title 62, unless there
9 is created a duplication in numbering, reads as follows:

10 It is the purpose of the Oklahoma Education Infrastructure
11 Linked Deposit Program to provide funding for eligible education
12 service delivery entities. It is the specific intent of the
13 Legislature that any funding provided to eligible education service
14 delivery entities shall enhance educational opportunities for the
15 children of this state.

16 SECTION 3. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 92.3 of Title 62, unless there
18 is created a duplication in numbering, reads as follows:

19 As used in the Oklahoma Education Infrastructure Linked Deposit
20 Program:

21 1. "Board" means the Statewide Charter School Board created
22 pursuant to Section 3-132.1 of Title 70 of the Oklahoma Statutes;

23 2. "Education service entity" means a nonprofit organization or
24 a charter school;

1 3. "Education service entity infrastructure" means construction
2 of new buildings, expansions or rehabilitation of an existing
3 building and items of tangible personal property integrated into a
4 building, including, but not limited to heating, air conditioning
5 and ventilation (HVAC) systems.

6 4. "Education services linked deposit" means a certificate of
7 deposit placed by the State Treasurer with an eligible lending
8 institution or an investment in bonds, notes, debentures, or other
9 obligations with regard to an eligible lending institution for the
10 purpose of carrying out the intent of this program;

11 5. "Education service entity linked deposit loan package" means
12 the forms provided by the State Treasurer for the purpose of
13 applying for an education service entity linked deposit; and

14 6. "Eligible lending institution" means a financial institution
15 that agrees to participate in the Oklahoma Education Infrastructure
16 Linked Deposit Program, and is eligible to be a depository of state
17 funds.

18 SECTION 4. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 92.4 of Title 62, unless there
20 is created a duplication in numbering, reads as follows:

21 The State Treasurer shall disseminate information about the
22 Oklahoma Education Infrastructure Linked Deposit Program to the
23 financial institutions in this state.

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1 SECTION 5. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 92.5 of Title 62, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The State Treasurer is authorized to administer the Oklahoma
5 Education Infrastructure Linked Deposit Program. The State
6 Treasurer in coordination with the Board is further authorized to
7 issue guidelines with respect to the Oklahoma Education
8 Infrastructure Linked Deposit Program.

9 B. The State Treasurer shall submit an annual report outlining
10 the status of the Oklahoma Education Infrastructure Linked Deposit
11 Program to the Governor, the Lieutenant Governor, the President Pro
12 Tempore of the Oklahoma State Senate, and the Speaker of the
13 Oklahoma House of Representatives.

14 SECTION 6. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 92.6 of Title 62, unless there
16 is created a duplication in numbering, reads as follows:

17 A. The State Treasurer is authorized to disseminate information
18 and provide education service entity deposit loan packages to the
19 lending institutions eligible for participation in the Oklahoma
20 Education Infrastructure Linked Deposit Program.

21 B. The education service entity deposit loan package shall be
22 completed by the borrower before being forwarded to the lending
23 institution for consideration. Any technical assistance in
24

1 completing the education service entity loan package shall be
2 provided by the Board.

3 C. 1. An eligible lending institution that desires to receive
4 an education service entity deposit shall accept and review
5 applications for loans from eligible education service entities.
6 The lending institution shall apply all usual lending standards to
7 determine the credit worthiness of each eligible education service
8 entity.

9 2. Only one linked deposit loan shall be made and be
10 outstanding at any one time to any education service entity.
11 However, the linked deposit loan may be refinanced.

12 3. No loan shall be made to any officer or director of the
13 lending institution making the loan.

14 D. An eligible education service entity shall certify on its
15 loan application that the reduced-rate loan will be used exclusively
16 for the construction or repair of eligible education service entity
17 infrastructure.

18 E. In considering which eligible education service entities to
19 include in the education service entity deposit loan package for
20 reduced-rate loans, the eligible lending institution shall give
21 priority to the economic and educational services needs of the area
22 in which the education service entity is located and other factors
23 it considers appropriate to determine the relative financial need of
24 the education service entity.

1 F. 1. The eligible lending institution shall forward to the
2 State Treasurer an education service entity deposit loan package in
3 the form and manner prescribed and approved by the State Treasurer.
4 The package shall include information regarding the amount of the
5 loan requested by each eligible education service entity and any
6 other information regarding each education service entity the State
7 Treasurer and the Board requires. The institution shall certify
8 that each applicant is an eligible education service entity, and
9 shall, for each education service entity, certify the present
10 borrowing rate applicable to each specific eligible education
11 service entity.

12 2. Whoever knowingly makes a false statement concerning a
13 linked deposit loan application shall be prohibited from
14 participating in the linked deposit loan program.

15 G. Upon receipt of a completed education service entity deposit
16 loan package, the State Treasurer may review or audit the
17 information contained in the completed education service entity
18 deposit loan package. The State Treasurer shall forward the
19 completed education service entity deposit loan package to the
20 Board. The Board shall review the education service entity deposit
21 loan package to determine if the package qualifies under this
22 program. The Board shall make a recommendation concerning the
23 package within ten (10) business days. The Board shall return the
24 package to the State Treasurer with a written recommendation of

1 approval or rejection. If the Board recommends rejection, the
2 written recommendation shall include reasons for the rejection. The
3 Board shall forward a copy of the rejection notice to the lending
4 institution and the borrower. The State Treasurer shall keep a
5 chronological list of applications forwarded by the Board for
6 approval or rejection.

7 SECTION 7. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 92.7 of Title 62, unless there
9 is created a duplication in numbering, reads as follows:

10 A. The State Treasurer may accept or reject an education
11 service entity deposit loan package or any portion of the package,
12 based on the State Treasurer's evaluation of the eligible lending
13 institution, the amount of individual loans in the package, the
14 amount of the package, funds available, and the rate savings
15 provided. If the State Treasurer recommends rejection, the written
16 recommendation shall include reasons for the rejection in a report
17 to the Board. The Board shall forward a copy of the rejection
18 notice to the lending institution and the eligible education service
19 entity. Applications brought into compliance with the Board and the
20 State Treasurer may be resubmitted for consideration. If the State
21 Treasurer rejects the loan because sufficient funds are not
22 available for a linked deposit, then the applications may be
23 considered in the order received when funds are once again available
24 subject to a review by the Board and the lending institution. In

1 evaluating the eligible education deposit loan package, the State
2 Treasurer shall consider the recommendation of the Board, including
3 the economic needs of the area where the education service entity is
4 located.

5 B. Upon acceptance of the education service entity deposit loan
6 package or any portion of the package, the State Treasurer shall
7 notify the Board, the lending institution and the borrower. Upon
8 acceptance, the State Treasurer may place certificates of deposit
9 with the eligible lending institution at a rate below current market
10 rates, as determined and calculated by the State Treasurer with
11 respect to the eligible lending institution at a rate below current
12 market rates, as determined and calculated by the State Treasurer.
13 When necessary, the State Treasurer may place certificates of
14 deposit or may invest in obligations or securities prior to
15 acceptance of an education service entity deposit loan package.

16 C. 1. The eligible lending institution shall enter into an
17 education service entity deposit agreement with the State Treasurer,
18 that shall include requirements necessary to implement the purposes
19 of the Oklahoma Education Infrastructure Linked Deposit Program.
20 The requirements shall include an agreement by the eligible lending
21 institution to lend an amount equal to the education service entity
22 linked deposit to eligible education service entities at an interest
23 rate that reflects a percentage rate reduction below the present
24 borrowing rate applicable to each specific education service entity

1 in the accepted loan package that is equal to the percentage rate
2 reduction below market rates at which the certificates of deposit
3 that constitute the education service entity linked deposit were
4 placed or at which the investments in bonds, notes, debentures, or
5 other obligations or securities that constitute the education
6 service entity linked deposit were made. The requirements shall
7 also reflect the market conditions prevailing in the eligible
8 lending institution's lending area.

9 2. The agreement may include a specification of the period of
10 time in which the lending institution is to lend funds upon the
11 placement of a linked deposit, and shall include provisions for the
12 certificates of deposit to be placed or the investment in bonds,
13 notes, debentures, obligations, or securities to be made for any
14 maturity considered appropriate by the State Treasurer. No renewals
15 will be allowed unless the amount of principal has been reduced by a
16 minimum of five percent (5%) and all interest paid to date from the
17 time of the prior loan or renewal. Interest shall be paid at the
18 times determined by the State Treasurer.

19 SECTION 8. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 92.8 of Title 62, unless there
21 is created a duplication in numbering, reads as follows:

22 A. 1. Upon the placement of an education service entity
23 deposit with an eligible lending institution, the institution shall
24 fund the loan to each approved eligible education service entity

1 listed in the education service entity deposit loan package in
2 accordance with the education service entity deposit agreement
3 between the institution and the State Treasurer.

4 2. The loan shall be at a rate that reflects a percentage rate
5 reduction below the present borrowing rate applicable to each
6 education service entity that is equal to the percentage rate
7 reduction below market rates at which the certificate of deposits
8 that constitute the education service entity deposit were placed or
9 at which the investments in bonds, notes, debentures, or other
10 obligations or securities that constitute the education service
11 entity deposit were made.

12 3. A certification of compliance with this section in the form
13 and manner as prescribed by the State Treasurer shall be required of
14 the eligible lending institution.

15 B. The State Treasurer shall take any and all steps necessary
16 to implement the Oklahoma Education Infrastructure Linked Deposit
17 Program and monitor compliance of eligible lending institutions and
18 eligible education service entities, including the development of
19 guidelines as necessary.

20 SECTION 9. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 92.9 of Title 62, unless there
22 is created a duplication in numbering, reads as follows:

23 The State of Oklahoma, the Board, and the State Treasurer shall
24 not be liable to any eligible lending institution in any manner for

1 payment of the principal or interest on the loan to an eligible
2 education service entity. Any delay in payments or default on the
3 part of an eligible education service entity does not in any manner
4 affect the education service entity deposit agreement between the
5 eligible lending institution and the State Treasurer.

6 SECTION 10. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 92.10 of Title 62, unless there
8 is created a duplication in numbering, reads as follows:

9 A. The maximum loan amount that may be linked to deposits
10 authorized by this act shall not exceed One Million Dollars
11 (\$1,000,000.00).

12 B. The maximum term of a loan that may be linked to deposits
13 authorized by this act shall not exceed ten (10) years, but a loan
14 may be extended by mutual agreement between the lender and the
15 borrower for a period of not to exceed five (5) years.

16 SECTION 11. This act shall become effective July 1, 2025.

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

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