

1 **SENATE FLOOR VERSION**

2 February 15, 2024

3 SENATE BILL NO. 1564

By: Dugger of the Senate

4 and

5 Burns of the House

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

11
12
13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

16 Section 3003. A. It shall be unlawful for the governing board
17 of any county, city, town, school district, or other governmental
18 subdivision of this state, in preparation of its budget for any
19 fiscal year, to estimate as probable income from sources other than
20 ad valorem tax of such governmental subdivision of the state and
21 other than any excise or other tax assessed by legislative enactment
22 and distributed in lieu of ad valorem taxes, any revenue from
23 nonrecurrent sources, regardless of such collections in the
24 immediately preceding fiscal year, to be derived from or the result

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

1 be applicable where the foregoing prohibitions are disregarded.
2 Revenue received by a school district during the immediately
3 preceding year, which was earned by, or which was payable to, such
4 school district in another year or years, shall not be considered as
5 minimum program income of such district for state aid purposes.

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

19 The unappropriated cash balance on hand may be appropriated as
20 needed upon the request of the governing board of the recipient
21 government and approval by the county excise board⁷; provided, if
22 the governing board of the recipient government determines the need
23 to do so, it may estimate the amount remaining to be collected from
24 its entitlement from federal funds during the remainder of its

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

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

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

22 C. All monies distributed by ~~the~~ federal, state, or tribal
23 ~~government~~ governments and received by any state agency, board, or
24 commission to administer and distribute to counties, cities, towns,

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

1 process and disallowed by the federal, state, or tribal government
2 or state agency, board, or commission administering the funds shall
3 be paid by the recipient government.

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

5 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT
6 February 15, 2024 - DO PASS
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24