

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 SENATE BILL 397

By: Crain

4
5
6 AS INTRODUCED

7 An Act relating to public finance; creating the STEMM
8 Trust Fund; providing for use of fund; creating the
9 Board of Investors of the STEMM Trust Fund;
10 establishing duties; providing for appointments to
11 the Board of Investors of the STEMM Trust Fund;
12 providing for staggered terms and appointment of
13 successors; providing for removal for cause;
14 providing for travel reimbursement; providing for
15 election of officers; limiting terms; requiring
16 quorum to transact business; directing adherence to
17 certain Acts; providing for staffing; directing
18 submission of certain report; directing the State
19 Treasurer to make certain transfer by certain date;
20 providing for distribution of certain certified
21 amount; establishing criteria for expenditure;
22 providing for submission of certain report on
23 expenditures; prohibiting the supplanting or
24 replacement of certain existing state funds;
directing the State Board of Equalization to examine
and investigate expenditures, issue findings and a
report; providing for supplanted amount to be
specified by the Board; requiring the Legislature to
replenish state funding under certain circumstances;
creating the Oklahoma Building Bonds Higher Education
Sinking Fund; providing for use of fund; directing
the State Treasurer to make certain deposits;
amending 62 O.S. 2011, Section 57.303, as last
amended by Section 435, Chapter 304, O.S.L. 2012 (62
O.S. Supp. 2014, Section 57.303); directing the
Oklahoma Building Bonds Commission to perform certain
other duties; providing for codification; and
providing an effective date.

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 4020 of Title 70, unless there
4 is created a duplication in numbering, reads as follows:

5 A. There is hereby created a trust fund to be known as the
6 "STEMM Trust Fund" to support science, technology, engineering,
7 mathematics and medicine (STEMM) at the following institutions
8 within the Oklahoma State System of Higher Education:

- 9 1. University of Oklahoma;
- 10 2. Oklahoma State University; and
- 11 3. Regional University System of Oklahoma.

12 The trust fund principal shall consist of all funds generated
13 through the issuance of obligations authorized by Enrolled Senate
14 Joint Resolution No. 14 of the 1st Session of the 55th Oklahoma
15 Legislature and any other monies that may be appropriated or
16 otherwise directed to the trust fund by the Legislature.

17 B. There is hereby created the Board of Investors of the STEMM
18 Trust Fund. The Board of Investors of the STEMM Trust Fund shall:

- 19 1. Manage the assets of the STEMM Fund;
- 20 2. Invest the STEMM Fund monies exercising the judgment and
21 care, under circumstances then prevailing, which persons of
22 prudence, discretion and intelligence exercise in the management of
23 their own affairs, not for speculation, but with regard to the
24 permanent disposition of their funds, considering the probable

1 safety of their capital as well as the probable income to be
2 derived; and

3 3. Certify, on or before September 1 of each year, the amount
4 of funds available for expenditure each year from the STEMM Fund,
5 which shall be limited to the earnings from the trust fund,
6 including but not limited to interest, dividends, and realized
7 capital gains from investments of the trust fund for the previous
8 fiscal year ending June 30.

9 C. The Board of Investors of the STEMM Trust Fund shall be
10 composed of five (5) members as follows:

11 1. The State Treasurer, or a designee, who shall serve as
12 chair;

13 2. An appointee of the Governor;

14 3. An appointee of the State Auditor and Inspector;

15 4. An appointee of the Speaker of the House of Representatives;

16 and

17 5. An appointee of the President Pro Tempore of the Senate.

18 Each appointed member of the Board of Investors of the STEMM
19 Trust Fund shall have demonstrated experience in public or private
20 investment fund management.

21 D. The initially appointed members shall serve staggered terms
22 as follows:

23 1. The term of the appointee of the Governor shall expire on
24 June 30, 2016;

1 2. The term of the appointee of the State Auditor and Inspector
2 shall expire on June 30, 2017;

3 3. The term of the appointee of the Speaker of the House of
4 Representatives shall end on June 30, 2018; and

5 4. The term of the appointee of the President Pro Tempore of
6 the Senate shall expire on June 30, 2019.

7 Thereafter, successors shall be appointed for terms of four (4)
8 years. An appointee may be removed for cause.

9 E. Members of the Board of Investors of the STEMM Trust Fund
10 shall receive no salary for serving on the Board of Investors of the
11 STEMM Trust Fund. All members shall receive necessary travel
12 expenses for the performance of their duties from the Office of the
13 Governor in accordance with the provisions of the State Travel
14 Reimbursement Act.

15 F. The Board of Investors of the STEMM Trust Fund shall
16 annually elect a vice chair, who shall preside over meetings in the
17 absence of the chair, and any other officers, provided that no
18 member shall be elected vice chair for more than two (2) consecutive
19 years. The Board of Investors of the STEMM Trust Fund shall meet at
20 least quarterly. Three (3) members of the Board of Investors of the
21 STEMM Trust Fund shall constitute a quorum to transact business, but
22 no vacancy shall impair the right of the remaining members to
23 exercise all of the powers of the Board of Investors of the STEMM
24 Trust Fund.

1 G. The Board of Investors of the STEMM Trust Fund shall be
2 subject to the Oklahoma Open Meeting Act, the Oklahoma Open Records
3 Act and the Administrative Procedures Act.

4 H. Staffing for the Board of Investors of the STEMM Trust Fund
5 shall be provided by the Office of the State Treasurer.

6 I. The Board of Investors of the STEMM Trust Fund shall submit
7 a report of the STEMM Trust Fund's investments and asset value
8 annually to the Governor, the State Treasurer, the Speaker of the
9 House of Representatives and the President Pro Tempore of the
10 Senate.

11 J. On or before September 30 of each year, the State Treasurer
12 shall transfer the amount certified by the Board of Investors for
13 the STEMM Trust Fund available for expenditure each year from the
14 STEMM Fund in the following manner:

15 1. Forty Percent (40%) to the Board of Regents of the
16 University of Oklahoma;

17 2. Forty Percent (40%) to the Board of Regents for the Oklahoma
18 Agricultural and Mechanical Colleges; and

19 3. Twenty Percent (20%) to the Regional University System of
20 Oklahoma.

21 K. Earnings from the STEMM Trust Fund shall be expended for the
22 following purposes:

23 1. Research and faculty positions and endowed chairs in
24 science, technology, engineering, mathematics and medicine;

1 2. Tuition assistance for students studying the fields related
2 to science, technology, engineering, mathematics and medicine at
3 institutions receiving funds pursuant to subsection J of this
4 section; and

5 3. Research foundations that are associated with institutions
6 receiving funds pursuant to subsection J of this section.

7 L. Each fiscal year, the Board of Regents of the University of
8 Oklahoma, the Board of Regents for the Oklahoma Agricultural and
9 Mechanical Colleges and the Regional University System of Oklahoma
10 shall submit a report to the President Pro Tempore of the Senate,
11 Speaker of the House of Representatives and the Governor on
12 expenditures made from the STEMM Trust Fund.

13 M. The monies transferred to the Board of Regents of the
14 University of Oklahoma, the Board of Regents for the Oklahoma
15 Agricultural and Mechanical Colleges and the Regional University
16 System of Oklahoma pursuant to subsection J of this section shall
17 not be used to supplant or replace existing state funds used for the
18 support of institutions within the Oklahoma State System of Higher
19 Education.

20 N. In order to ensure that the funds transferred pursuant to
21 subsection J of this section are used to enhance and not supplant
22 state funding for the support of institutions within the Oklahoma
23 State System of Higher Education, the State Board of Equalization
24 shall examine and investigate legislative appropriations made for

1 the support of institutions within the Oklahoma State System of
2 Higher Education each year. At the meeting of the State Board of
3 Equalization held in February of each year, the State Board of
4 Equalization shall issue a finding and report which shall state
5 whether funds transferred pursuant to subsection J of this section
6 were used to enhance or supplant legislative appropriations made for
7 the support of institutions within the Oklahoma State System of
8 Higher Education. If the State Board of Equalization finds that
9 legislative appropriations made for the support of institutions
10 within the Oklahoma State System of Higher Education were supplanted
11 by funds transferred pursuant to subsection J of this section, the
12 Board shall specify the amount by which such funding was supplanted.
13 In this event, the Legislature shall make an appropriation for the
14 ensuing fiscal year in the amount by which such funding was
15 supplanted.

16 SECTION 2. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 57.317 of Title 62, unless there
18 is created a duplication in numbering, reads as follows:

19 A. There is hereby created in the State Treasury a special fund
20 to be known and designated as the "Oklahoma Building Bonds Higher
21 Education Sinking Fund", which is hereby irrevocably pledged to the
22 payment of the interest on and the principal of the obligations
23 issued pursuant to Enrolled Senate Joint Resolution No. 14 of the
24 1st Session of the 55th Oklahoma Legislature. The monies to the

1 credit thereof shall be paid out only in the manner and at the time
2 and places provided for in the resolution or indenture of the
3 Commission authorizing the issuance of such obligations.

4 B. Upon receiving the monthly transmittal of the state sales
5 tax revenue collected pursuant to Section 1350 et seq. of Title 68
6 of the Oklahoma Statutes, it shall be the duty of the State
7 Treasurer to set aside, from revenues that would otherwise be
8 apportioned to the General Revenue Fund, an amount equal to one-
9 twelfth (1/12) of the principal payment and one-sixth (1/6) of the
10 interest payment on the obligations issued pursuant to Senate Joint
11 Resolution No. 14 of the 1st Session of the 55th Oklahoma
12 Legislature. The State Treasurer shall deposit such monies into the
13 Oklahoma Building Bonds Higher Education Sinking Fund for debt
14 service payments.

15 SECTION 3. AMENDATORY 62 O.S. 2011, Section 57.303, as
16 last amended by Section 435, Chapter 304, O.S.L. 2012 (62 O.S. Supp.
17 2014, Section 57.303), is amended to read as follows:

18 Section 57.303. A. The Commission acting for and on behalf of
19 the State of Oklahoma shall be the agency by and through which the
20 State of Oklahoma shall incur indebtedness in the sum of Three
21 Hundred Fifty Million Dollars (\$350,000,000.00) as principal for the
22 purpose of restoring and modernizing the state's infrastructure, for
23 constructing new buildings and other capital improvements, and for
24 equipping, remodeling, modernizing and repairing any and all

1 existing buildings and capital improvements, and purchase of land,
2 equipment and furnishings necessary for such new construction or
3 remodeling, including any costs associated with the issuance of the
4 indebtedness, as follows:

5 1. Oklahoma State Regents for Higher Education

6 for expenditure as follows:

- | | | |
|----|---|-----------------|
| 7 | a. University of Oklahoma - Norman Campus | \$22,731,000.00 |
| 8 | b. University of Oklahoma - Health | |
| 9 | Sciences Center | \$22,400,000.00 |
| 10 | c. Oklahoma State University - Stillwater | |
| 11 | Campus | \$22,328,000.00 |
| 12 | d. Oklahoma State University - | |
| 13 | Agriculture Experiment Station | \$4,000,000.00 |
| 14 | e. Oklahoma State University - Veterinary | |
| 15 | Medicine | \$5,075,000.00 |
| 16 | f. Oklahoma State University - Technical | |
| 17 | Branch - Okmulgee | \$4,118,000.00 |
| 18 | g. Oklahoma State University - Technical | |
| 19 | Branch - Oklahoma City | \$3,868,000.00 |
| 20 | h. Oklahoma State University - College of | |
| 21 | Osteopathic Medicine | \$3,750,400.00 |
| 22 | i. University of Central Oklahoma | \$7,765,106.00 |
| 23 | j. East Central University | \$5,869,000.00 |
| 24 | k. Northeastern State University | \$8,813,400.00 |

1	l.	Northwestern Oklahoma State University	\$2,860,000.00
2	m.	Southeastern Oklahoma State University	\$5,586,900.00
3	n.	Southwestern Oklahoma State University	
4		- Weatherford Campus	\$6,297,500.00
5	o.	Southwestern Oklahoma State University	
6		- Sayre Campus	\$300,000.00
7	p.	Cameron University	\$10,200,000.00
8	q.	Langston University	\$2,842,500.00
9	r.	Oklahoma Panhandle State University	\$2,016,500.00
10	s.	University of Science and Arts of	
11		Oklahoma	\$3,104,376.00
12	t.	University Center at Tulsa	\$15,000,000.00
13	u.	Carl Albert State College	\$3,021,000.00
14	v.	Connors State College	\$2,055,100.00
15	w.	Eastern Oklahoma State College	\$2,007,600.00
16	x.	Murray State College	\$2,045,000.00
17	y.	Northeastern Oklahoma Agricultural and	
18		Mechanical College	\$2,410,400.00
19	z.	Northern Oklahoma College	\$1,206,500.00
20	aa.	Oklahoma City Community College	\$6,152,100.00
21	bb.	Redlands Community College	\$2,003,900.00
22	cc.	Rogers State College	\$5,035,100.00
23	dd.	Rose State College	\$6,158,600.00
24	ee.	Seminole Junior College	\$2,125,924.00

1	ff.	Tulsa Junior College	\$22,333,800.00
2	gg.	Western Oklahoma State College	\$2,500,000.00
3	hh.	Enid Higher Education Program	\$619,123.00
4	ii.	Enid Higher Education Program - this	
5		allocation is contingent upon a	
6		\$2,200,000.00 match by the local	
7		community	\$1,980,877.00
8	jj.	University Center of Southern Oklahoma	\$619,123.00
9	kk.	Muskogee Higher Education Program	\$619,123.00
10	ll.	Idabel Higher Education Program	\$619,123.00
11	mm.	Tulsa Medical Center debt retirement	\$6,600,000.00
12	nn.	Food Processing Research Center -	
13		Stillwater	\$14,000,000.00
14	oo.	Natural History Museum - Norman	\$15,000,000.00
15	2.	Oklahoma Department of Career and	
16		Technology Education for expenditure as	
17		follows:	
18	a.	Instructional equipment for technology	
19		center schools, including inmate	
20		training facilities	\$2,300,000.00
21	b.	Mid-Del Technology Center	\$200,000.00
22	c.	Okmulgee County Technology Center	\$3,200,000.00
23	d.	Southwest Technology Center	\$1,500,000.00
24	e.	Wes Watkins Technology Center	\$1,000,000.00

1	f. Western Oklahoma Technology Center	\$2,000,000.00
2	3. Oklahoma Water Resources Board	\$5,700,000.00
3	4. Oklahoma Tourism and Recreation Department	
4	for the following purposes: roads, park	
5	improvements, sewage treatment, facility	
6	rehab, equipment, trails, park visitor	
7	centers, welcome centers, Will Rogers	
8	Museum and other museums, Oklahoma Jazz	
9	Hall of Fame and Quartz Mountain Arts and	
10	Conference Center	\$18,000,000.00
11	5. Oklahoma Historical Society	\$1,700,000.00
12	6. Department of Human Services	\$5,300,000.00
13	7. Department of Corrections for the	
14	following purposes: drug offender work	
15	camps and meat processing facility at	
16	Jackie Brannon	\$6,500,000.00
17	8. State Department of Health	\$7,500,000.00
18	9. State Department of Agriculture for	
19	purposes of dry fire hydrants and rural	
20	fire equipment	\$1,000,000.00
21	10. Office of Management and Enterprise	
22	Services	\$4,300,000.00
23	11. Oklahoma Military Department	\$800,000.00
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- 1 12. Oklahoma School of Science and
2 Mathematics. Said amount shall not be
3 used for purposes of subsection D of
4 Section 168.3 of Title 73 of the Oklahoma
5 Statutes \$4,500,000.00
- 6 13. Office of Management and Enterprise
7 Services for expenditure for
8 telecommunications as recommended by the
9 State Data Processing and
10 Telecommunications Advisory Committee \$14,000,000.00
- 11 14. Oklahoma Department of Libraries for
12 expenditure for matching grant program for
13 handicapped access \$500,000.00
- 14 15. Oklahoma Department of Veterans Affairs
15 for the following purposes: New facility
16 at Norman, computer programming-mapper
17 system, and improvements at the facilities
18 at Ardmore, Sulphur, Talihina, Clinton,
19 Claremore and Okmulgee \$16,432,500.00
- 20 16. Department of Mental Health and Substance
21 Abuse Services \$6,400,000.00

22 If the full amount of funding for any project specified in this
23 subsection is not necessary for provision of such project, any
24 remaining available funds shall be allocated by the Commission to

1 the full funding of other projects listed in this subsection or to
2 the Oklahoma Building Bonds of 1992 Fund for appropriation by the
3 Legislature for other capital projects.

4 B. The Commission, acting for and on behalf of the State of
5 Oklahoma, shall issue, sell and deliver as hereinafter provided
6 "Oklahoma Building Bonds of 1992" in a total principal amount of
7 Three Hundred Fifty Million Dollars (\$350,000,000.00). It is hereby
8 expressly provided and pledged for the benefit of the purchasers,
9 owners and holders of said bonds that the tax on each package of
10 cigarettes levied by Section 302 of Title 68 of the Oklahoma
11 Statutes, constituting the remainder of revenue available from the
12 revenues lawfully levied and collected by the State of Oklahoma on
13 the sale of cigarettes not already committed to other obligations of
14 the State of Oklahoma, and the tax levy on cigarettes pursuant to
15 Sections 302-2 and 302-4 of Title 68 of the Oklahoma Statutes, or so
16 much as may be necessary, shall be devoted irrevocably to the
17 payment and discharge of the interest on, and the principal of, the
18 bonds issued hereunder as the same become due, and to create an
19 adequate reserve to assure such payments when due; and said revenues
20 shall be, and hereby are, irrevocably pledged for such purposes.

21 C. The Commission shall perform other duties as directed by the
22 Legislature.

23 SECTION 4. This act shall become effective upon certification
24 of election returns favoring passage of the Constitutional Amendment

1 proposed in Enrolled Senate Joint Resolution No. 14 of the 1st
2 Session of the 55th Oklahoma Legislature.

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