

An Act

ENROLLED SENATE
BILL NO. 1564

By: Dugger of the Senate

and

Burns and Cantrell of the
House

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

SUBJECT: Income of political subdivisions

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

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

Section 3003. A. It shall be unlawful for the governing board of any county, city, town, school district, or other governmental subdivision of this state, in preparation of its budget for any fiscal year, to estimate as probable income from sources other than ad valorem tax of such governmental subdivision of the state and other than any excise or other tax assessed by legislative enactment and distributed in lieu of ad valorem taxes, any revenue from nonrecurrent sources, regardless of such collections in the immediately preceding fiscal year, to be derived from or the result of sales, forfeitures, penalties, gifts, federal aid allotments of every kind, windfalls, seizures, sheriff's sales, court actions whether civil or criminal, injunctions or protests won or released by dismissal, or from any other such source not normally recurrent year after year and so made recurrent by legislative enactment.

Provided, that upon a finding by the governing board of any county, city, town, school district, or other governmental subdivision of this state, that a source of income, although nonrecurrent, will actually be available for the next ensuing fiscal year, the board may include such income in its estimate of probable income. Provided, that shared revenues of the federal government, if ascertainable, shall be allowed to be included in the estimates. It shall also be unlawful for any excise board to approve or require the same, or for any supervisory state board, commission, or officer, or for any agent or employee of either thereof to countenance, approve, or require the same or to diminish in any degree the distribution or allotment of state revenues or appropriations by reason of such collections in a prior year or prospect of such collections in the ensuing year; nor shall any revenue received by a school district from gross production taxes during the immediately preceding fiscal year, which was payable to such district in another year or years, be considered as minimum program income of such district for state aid purposes. The provisions of Section 21 of Title 21 of the Oklahoma Statutes shall be applicable where the foregoing prohibitions are disregarded. Revenue received by a school district during the immediately preceding year, which was earned by, or which was payable to, such school district in another year or years, shall not be considered as minimum program income of such district for state aid purposes.

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

The unappropriated cash balance on hand may be appropriated as needed upon the request of the governing board of the recipient government and approval by the county excise board; provided, if

the governing board of the recipient government determines the need to do so, it may estimate the amount remaining to be collected from its entitlement from federal funds during the remainder of its fiscal year and include such estimate in its request for appropriations. The estimate shall not exceed the amount of the entitlement which is to be received during the remainder of the recipient government's fiscal year or, if the amount of the entitlement has not been certified, ninety percent (90%) of such funds received during a corresponding period of the previous fiscal year; provided, that if the entitlement is less than that estimated or if the entitlement to be collected during the recipient government's fiscal year, in addition to the unappropriated cash balance, is reduced below the amount appropriated for the fiscal year, the governing board of the recipient government shall request the county excise board for an adequate reduction of appropriations in the fund.

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

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

C. All monies distributed by ~~the~~ federal, state, or tribal government governments and received by any state agency, board, or commission to administer and distribute to counties, cities, towns, or other subdivisions of the government in ~~the State of Oklahoma~~ this state, hereinafter referred to as the recipient government, that do not follow procedures in subsection B of this section may utilize the letter of commitment appropriation process as specified in this subsection. The recipient government shall receive approval for the program as required by the agency, board, or commission administering the program and by the federal government, if required. Once approved, the state agency, board, or commission may authorize a letter of commitment of federal, state, or tribal monies available to the recipient government. The ~~Excise Board~~ excise board may approve an appropriation in the amount of the letter of commitment. Each recipient government may establish a separate


appropriation within a special revenue fund designated for federal, state, or tribal monies. The recipient government may encumber funds in an amount not to exceed the sum of the total letter of commitment, which is a binding commitment of funding which the recipient government will receive for the project or projects eligible for such federal funding. The encumbrance of funds authorized by this section shall be made in accordance with procedures prescribed by the State Auditor and Inspector and shall be administered in accordance with rules and regulations concerning such distribution adopted by the federal government and the state agency, board, or commission. Any expenditure incurred by the recipient government using the letter of commitment appropriation process and disallowed by the federal, state, or tribal government or state agency, board, or commission administering the funds shall be paid by the recipient government.

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

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


Presiding Officer of the Senate

Passed the House of Representatives the 18th day of April, 2024.


Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 22nd
day of April, 20 24, at 2:31 o'clock P. M.
By: Lewis Glendon

Approved by the Governor of the State of Oklahoma this 26
day of April, 20 24, at 2:00 o'clock P. M.


Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 26th
day of April, 20 24, at 3:52 o'clock P. M.
By: Jack C. [Signature]