

Highlights of Legislation

**Passed During the Second Regular Session
Of the 50th Oklahoma Legislature
Convened February 6, 2006
Adjourned May 26, 2006**

**And the Second Extraordinary Session
Of the 50th Oklahoma Legislature
Convened May 25, 2006
Adjourned June 23, 2006**

Speaker Todd Hiett

Oklahoma House of Representatives

September 2006

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Preface

The primary purpose of Highlights is to provide an overview of the significant substantive legislation enacted during the 2006 sessions. This document is not intended to completely reflect the Legislature's entire work. A brief description of the session's major legislation is available in the Session Overview, prepared by the House Committee Research Staff, which may be found on the House of Representatives' home page at:

www.okhouse.gov

This Highlights document may also be found at the same website.

During the Second Session of the 50th Legislature, 1,654 measures and joint resolutions were introduced of which 336 were enacted into law. The Governor vetoed six bills. None of these vetoes were overridden by the Legislature. The historical context of this data is shown in Appendices 1 and 2 of this report.

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Explanatory Notes

The following pages provide a summary of the Oklahoma Legislature's substantive work during the 2006 regular and special sessions and are organized alphabetically by general topic. A detailed review of the FY-07 appropriations has been published by the House of Representatives' Office of Budget and Performance Review.

In a number of instances, individual bills can be found in more than one section of the document. The index at the back of the document indicates the page(s) where a specific bill can be found. The bold-facing of an individual bill indicates the first mention of the measure within a subject area. If a measure vetoed by the Governor was significant, it is mentioned briefly with a short explanation of the veto. The abbreviations HB, HJR, HCR, HR, SB, SJR, SCR, and SR respectively stand for House Bill, House Joint Resolution, House Concurrent Resolution, House Resolution, Senate Bill, Senate Joint Resolution, Senate Concurrent Resolution, and Senate Resolution.

Bills passed during the Second Extraordinary Session are designated by XX following the bill number.

In the appendices of this document are charts showing, for this year and the past ten years, the number of bills and joint resolutions introduced and enacted, the number of vetoes, and the total amount of state monies appropriated. Also included is a general breakdown of the FY-07 appropriations.

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Aerospace and Technology

Nearly half of the households in Oklahoma have Internet access, and that number is continuing to rise. Unfortunately, there has also been a corresponding surge in various online scams. It is estimated that one in every four Internet users receives email scams each month. To help combat these attempts at fraud and identity theft, **HB 2473** establishes the Anti-Phishing Act.

“Phishing” is the term used when a person or entity sends a prospective victim an email – often posing as a legitimate online business, especially a bank – to collect personal data with the intent to defraud that victim. Starting November 1, 2006, those violating the Anti-Phishing Act will be subject to fines in an amount equal to the greater of the actual damages suffered or \$100,000. If a court finds that violations of this Act are frequent enough to establish a pattern or practice, it may increase the award to no more than three times the actual damages sustained.

Agriculture and Rural Development

In the area of agriculture and rural development, the Legislature passed **HB 2895**, which creates the Motor Carrier Harvest Permit Act. This bill gives jurisdiction for wheat harvesting permits to the Corporation Commission and also mandates that portable or stationary scales for weighing vehicles may not be located within two miles of any grain elevator.

The Legislature also took on the issue of animal cruelty, passing **HB 1672**. This bill requires veterinarians to report suspected cases of animal abuse within 24 hours of any treatment or examination and exempts them from any civil liability as it relates to that report. It also enables peace officers and animal control officers to remove an abused animal from custody. Finally, this bill adds language which includes “veterinary care to prevent suffering” among those actions which may result in a felony should they be denied to an animal.

Several measures address the Oklahoma Concentrated Animal Feeding Operations Act (CAFO). **HB 2603** creates the Oklahoma Concentrated Animal Feeding Operations Act (CAFO) Rural Economic Development Initiative Act. This Act was amended to require that any spill of wastewater or manure, which is greater than 100 gallons that leaves the licensee’s property, be reported to the Oklahoma Department of Agriculture, Food, and Forestry. The CAFO Act was amended in **HB 2646** to require any person applying for a license for a new or expanding animal feeding operation to comply with the notice and hearing requirements of the State Board of Agriculture. **HB 3015** modifies the Oklahoma Concentrated Animal Feeding Operations Act to require all licensed managed feeding operations and all animal feeding operations which are permitted pursuant to the Oklahoma CAFO Act to utilize Best Management Practices as determined by the Oklahoma Department of Agriculture, Food, and Forestry.

Finally, **SB 1481** adds to the duties of the State Board of Agriculture the monitoring of the health, inventory, and condition of the state’s forest resources.

Banking and Finance

During the 2006 session, lawmakers enacted measures that deal with money services business, banking powers, identity theft, personal information security, consumer credit, and mortgage brokers.

HB 1580 modifies the statutory language regarding Section 91 Personal Property and special liens. The Section 91 Personal Property definition was amended to include persons providing storage or rental space. If a person has possession of any of the covered vehicles and on behalf of the owner is providing storage, rental space, material, labor, or skill for the protection, improvement, safekeeping, towing, right to occupy space, or carriage thereof, that person may apply a special lien for services rendered and owing upon that vehicle. Section 91 Personal Property applies to every vehicle, all-terrain vehicle, manufactured home, motorcycle, boat, outboard motor, or trailer that has a certificate of title issued by the Oklahoma Tax Commission or by a federally recognized Indian tribe in the State of Oklahoma. The legislation further provides for repossession of articles covered under this statute under certain conditions.

HB 2483 creates the Oklahoma Financial Transaction Reporting Act which requires any money services business in Oklahoma to file a registration application and secure a license to engage in the business of money services (doing business as a money transmitter). Licensees are required to provide a list of each person, to whom the necessary equipment to send or receive money has been supplied, to the Commissioner. The impetus for this legislation was to have a tangible way to track money transactions which would aid the Oklahoma State Bureau of Investigation (OSBI) in their money laundering investigations. Provision must be made to protect confidential personal information.

The State Banking Board makes an annual assessment of state-chartered banks. Provisions regarding the yearly assessments were revised. The assessment is made for each \$1,000 of bank assets. Any assessments are deposited into the General Revenue Fund of the State Treasury. The State Credit Union Board provisions, pertaining to credit unions under its supervision, were revised as well. These revisions reduce the percentage of those annually assessed funds from 20 percent to 10 percent.

HB 2147 creates the Task Force for the Study of State Banking Services. This Task Force has been created to specifically determine the extent to which any proposed changes in the powers of banks under the jurisdiction of the State Banking Commissioner would or would not have adverse economic effects upon other financial, real estate, or insurance service providers in the State of Oklahoma. The Task Force will study the federal and state laws, including administrative rules or regulations, governing the authorized business activity of banks, whether the banks are members of the federal or state banking system.

This legislation also addresses the potential for misleading consumers in solicitation for products or services.

- When soliciting for products or services, lenders must consent if their name, trademark, trade name, loan number, loan amount, specific loan information, or any information similar is to be used.
- It must be made clear on the solicitation that the lender is not a sponsor and has not authorized the solicitation. The specific lender's name must be stated in the statement.
- The statement must include the name, address and telephone number of the person making the solicitation and that any loan information referenced was not provided by the lender.

HB 2626 provides for funds to be paid to a specified person “beneficiary” upon the death of the bank account owner. This special provision is called a “payable on death” or “P.O.D.” designation. This legislation covers the following types of beneficiaries: a trust, an individual, or a nonprofit organization exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3).

The bill creates language allowing for access to a safe deposit box upon the death of the owner of the box. The owner of a safe deposit box may grant authorization for one or more persons to have access to that safe deposit box upon his/her death. The financial institution in which the safe deposit box is located must grant access to the box upon written authorization. The person having access after death must file an affidavit with the bank stating the owner of the box has died.

HB 2749 amends the Consumer Credit Code by raising the minimum loan principal amount on which a supervised lender “payday loan company” may charge monetary fees in lieu of the loan finance charges from \$100 to \$300. The maximum term of any loan made under these provision was expanded from 10 to 18 months.

SB 1598 allows certain trustees to provide brokerage, investment, administrative, custodial, or other account services for the trust. The trustee may charge the trust for those services. The trustees that qualify to charge for these services include a national banking association, a credit union, a state-chartered corporation, including a state-chartered bank or trust company, or a state or federal savings and loan association.

SB 1680 creates the Oklahoma Industrial Loan Company Branch Act of 2006 which regulates “industrial banks.” Industrial banks are companies that are chartered by another state to make consumer loans, commercial loans, or accept deposits insured by the Federal Deposit Insurance Corporation. This Act prohibits any industrial loan company or industrial bank from establishing and operating a branch, or relocating a branch, unless approved by the State Banking Commissioner. Also prohibited is the establishment of a branch in any retail establishment in the State.

SB 1748 creates the Oklahoma Consumer Report Security Freeze Act. This Act provides procedures for placing a security freeze, temporary lifting of an existing security freeze,

restricting lifting of a security freeze, removal of security freeze, changing certain information, and exempting certain entities from placing a security freeze on an individual's credit report.

- A security freeze is a notice placed in a consumer report of a consumer. The consumer must request the freeze. The agency is prohibited from releasing the consumer report or credit score of the consumer, when information is relating to the opening of new accounts or the extension of credit.
- A security freeze must be requested in writing and sent to the credit reporting agency by certified mail. There are provisions for lifting the freeze temporarily. There are exempt parties who may receive information even if a security freeze is in place.
- The credit reporting agency will send the consumer a PIN number within 10 days of placing the freeze. The consumer reporting agency must tell the consumer how to place a freeze, how to temporarily lift a freeze, and how to allow access to information while the freeze is in place.

SB 616 relates to consumer credit. A seller who is registered with the United States Treasury Department as a money transmitter, and who provides an electronic funds transmission service, including service by telephone and the Internet, may charge a different price for a funds transmission service based on how the money is transmitted.

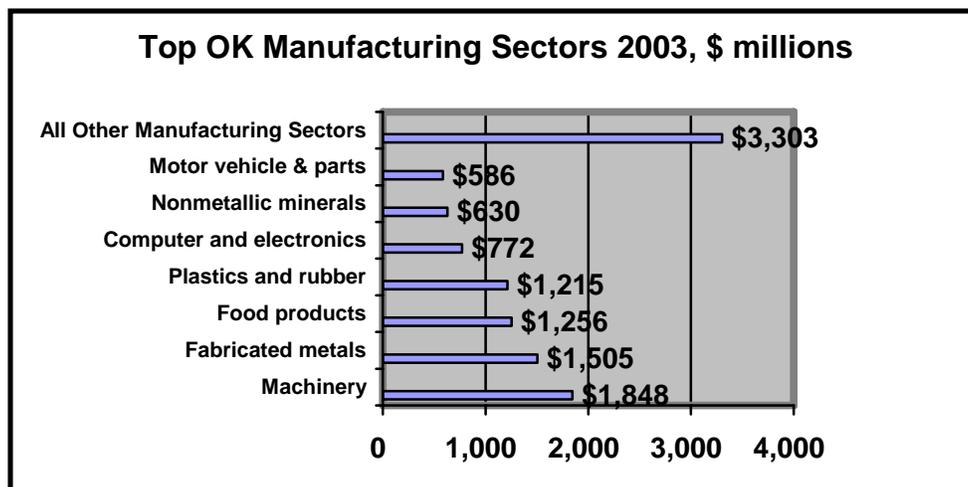
SB 1877 relates to the Mortgage Broker Licensure Act. It Requires mortgage brokers to adhere to the disclosure requirements mandated by the Real Estate Settlement Procedures Act (RESPA) and the Department of Housing and Urban Development (HUD) Regulation X and authorizes the Commission on Consumer Credit to adopt rules regarding the disclosure requirements. The measure also provides for certain continuing education requirements for mortgage loan originator licensees.

Business and Economic Development

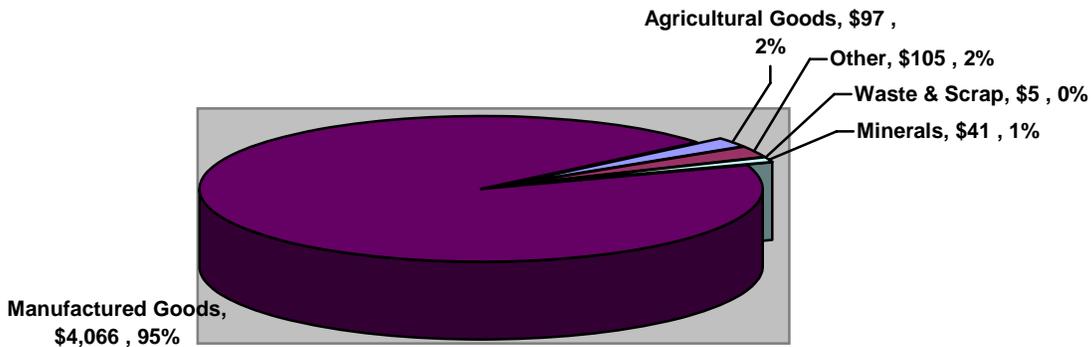
Business and Economic Development

The significant bills passed by the Legislature relating to business and economic development varied in subject matter. **HB 1619** creates the Oklahoma Quality Investment Act, which allows the State of Oklahoma to provide incentives to support retention of manufacturing establishments in Oklahoma. These incentives could significantly boost the economy as the manufacturing sector in Oklahoma makes up over 10 percent of our gross state product, accounting for \$111.8 billion dollars a year.

Manufacturing Share of Oklahoma, 2004	
Gross State Product (GSP), \$ billions	\$111.8
Manufacturing share of Oklahoma, \$ billions	\$11.3
Manufacturing share as percent of OK GSP	10%



**Bulk of OK Exports are Manufactured Goods 2005, \$ millions,
as a percent of merchandise exports**



Oklahoma 2005 Merchandise Exports: \$4.3 billion

On the employee side, **HB 2358** takes a stand for working mothers by providing guidelines for workplace policies governing breastfeeding. The bill calls for employers to provide a separate, confined room for breastfeeding and provides unpaid break time to employees for the purpose of breastfeeding or producing breast milk. As outlined in HB 2358, a lactation room is now available in the Capitol for nursing moms. The room provides a private and clean location where each nursing mom can express milk or breastfeed her baby. The room is located on the Fifth Floor in Room 538.

Additional Benefits of Breastfeeding

- Promotes mother-infant bonding
- Promotes uterine involution
- Economical for family and society
- Convenient
- Better cognitive development in children
- Lower incidence of premenopausal breast cancer
- Lower incidence of premenopausal ovarian cancer
- Lower incidence of maternal osteoporosis

Commerce, Industry, and Labor

SB 876 creates commercial lien rights for Oklahoma's commercial real estate brokers who enter into written agreements for services related to purchasing, leasing or conveying any interest in commercial real estate. The lien would be equal to the amount that the broker is due for licensed services, including brokerage fees, consulting fees and management fee.

HB 3043 allows a charitable wine event license holder to conduct a live or silent auction.

Insurance

In the area of insurance legislation, lawmakers addressed issues related to uninsured motorists, the Interstate Insurance Product Regulation Compact and requirements for property and casualty insurance.

Uninsured motorists exact a financial toll on the citizens of Oklahoma. In an effort to further address this growing problem, **HB 3115** directs the Department of Public Safety (DPS) to implement statewide, no later than July 1, 2008, an online verification system for motor vehicle insurance or bond which will provide for direct inquiry and response between DPS and insurance carriers and direct access to insurer's records by authorized personnel, such as law enforcement officers. The measure also provides that it is a misdemeanor to purchase, display, or possess an altered or fictitious security verification form and provides that it is a felony for anyone, other than an insurance carrier, to create, issue, or sell security verification forms.

A measure to facilitate the adoption of uniform standards across state lines for various insurance products, **HB 2685**, authorizes the state to join the Interstate Insurance Product Regulation Compact and become a member of the Interstate Insurance Product Regulation Commission and designates the Insurance Commissioner as the state's representative to the Commission. The measure allows a compacting state to opt out of a uniform standard adopted by the Commission and to withdraw from the compact.

Finally, **HB 2905** eliminates the State Board for Property and Casualty Rates and transfers the Board's regulatory authority to the Insurance Commissioner. The measure also requires property and casualty insurance producers to act in a fiduciary capacity with regard to funds originating from premiums and unearned premiums and establishes criminal penalties for mishandling fiduciary moneys or premiums. In addition, upon an Oklahoma resident's deactivation from military service, the bill prohibits denying reinstatement into the same health plan and property and casualty coverage that was in effect prior to activation for military service.

Criminal Justice

Several measures were enacted by the Legislature to protect the citizens of Oklahoma. The Caitlin Wooten Act, **SB 1037**, was enacted after young Caitlin Wooten was killed by a person who had been released from jail on a kidnapping charge. The bill expands the circumstances under which bail can be denied to include capital offenses, violent offenses, offenses where the maximum punishment may be life or life without parole, and felony offenses committed by a person who has two or more prior felony offenses. The measure also allows the Attorney General to establish a notification system relating to crime victims, witnesses, and persons who have filed protective orders to assist public officials in carrying out their duties to notify and inform crime victims and witnesses as the Attorney General establishes by rule.

Legislation aimed at protecting the public from sex offenders was the focus of several measures this session. **SB 1800** allows a court or jury to sentence a person to death or life without parole upon conviction for gross sex offenses against a child under the age of 14 years if the person has a prior conviction for one of these crimes. Sex offenders who are released from prison will be required to submit to polygraph testing every six months under the provisions of **SB 1964**. The measure also allows a court to order up to three years of post imprisonment supervision of sex offenders and to require sex offenders to participate in treatment programs while in prison and under supervision. A final measure, **SB 1755**, increases the punishment of several sexually-based crimes. The measure increases the minimum punishment for lewd molestation from not less than one year in prison to not less than three years in prison and increases the punishment for sexual battery from not more than five years in prison to not more than ten years in prison. Punishments are also increased against registered sex offenders who violate the state's "Zone of Safety" law by making convictions for violation a felony punishable by imprisonment for not more than one year for a first offense. Any second or subsequent offense is punishable by up to three years in prison. The minimum punishment for a second or subsequent violation of a protective order is increased from a misdemeanor to a felony and imprisonment from not less than ten days in jail to not less than one year or more than three years imprisonment. The measure also increases the punishment from a misdemeanor to a felony punishable by up to a \$3,000 fine and not less than one year imprisonment against sex offenders who are caught residing within 2,000 feet of a school. Second and subsequent offenses are punishable by a fine of up to \$3,000 and not less than three years imprisonment.

The Prevention of Youth Access to Alcohol Act is created by **HB 3056**. The measure increases fines associated with alcohol-related criminal acts and uses the increased fines to fund programs designed to end alcohol abuse. The bill provides a fine of up to \$500 and up to one year in jail for any person convicted of selling low-point beer to a minor. A second offense within one year is punishable by a fine of not more than \$2,500 and up to one year in jail. A third offense within one year is a felony punishable by a fine of up to \$5,000 and up to five years imprisonment. One-half of any fine collected is to be deposited in the Prevention of Youth Access to Alcohol Revolving Fund. The bill increases the fine amount from \$750 to \$1,250 for alcohol or drug-related traffic offenses. Any amount in excess of \$750 is to be used to defray the costs of enforcing laws related to juvenile alcohol access.

HB 3056 also establishes greater penalties on businesses that sell beer to minors and on the minors who attempt to purchase beer from these businesses. The bill allows for the suspension of the business permit to sell low-point beer for 30 days upon a first violation. A second violation by the same employee within a 24-month period results in a mandatory 30-day suspension of the permit to sell beer. A third violation within a 24-month period results in a mandatory 30-day suspension of the permit to sell beer. If all three violations were by the same employee, the period of suspension is to be 180 days. A fourth violation within a 24-month period results in a mandatory revocation of the permit to sell beer. In addition, to prevent family operated businesses from simply changing the name of the licensee, the measure prevents the licensing of family members of a person who has received a fourth violation. Fines are increased from \$100 to \$300 for purchasing or attempting to purchase beer while under the age of 21. The court may also order up to 30 hours of community service for any minor convicted of purchasing or attempting to purchase beer. A second offense is punishable by a fine of up to \$600 and 60 hours of community service. A third offense is punishable by a fine of up to \$900 and 90 hours of community service. Another provision sure to garner the attention of minors is that the bill requires a mandatory revocation of the violator's driver license. A minor's driver license may also be revoked after conviction for being in an enclosed bar area.

Finally, HB 3056 allows cities with a municipal court of record to establish fines of up to \$1,250 and up to six months in jail for alcohol or drug-related traffic offenses. A municipality may also establish a fee of up to \$800 for each deferred sentence for an alcohol or drug-related offense. Fifty dollars of each fine is remitted to the municipality to help defray the costs of enforcing laws related to juvenile alcohol access.

In other criminal justice matters:

- **SB 1807** establishes a procedure outlining the steps necessary to determine if a person is mentally retarded and ineligible for the death penalty in capital cases in which questions of mental retardation are raised;
- **HB 3004** prohibits the sale of violent video games to minors and restricts the placement of sexually oriented business signage on state highways;
- **HB 2813** prohibits a dog owner from allowing their dog to run at large after the dog has bitten someone. Violators will be subject to a misdemeanor punishable by up to one year in the county jail and up to a \$5,000 fine; and
- **HB 2615** creates the Stand Your Ground law by expanding Make My Day law protections to allow persons to protect themselves not only in their home but also in any residence or occupied vehicle. A person found justified in their use of defensive force is immune from criminal prosecution and civil action for the use of the defensive force. The measure becomes effective November 1, 2006.

Juvenile Justice

Several bills were enacted this session to strengthen how the state treats juvenile offenders. A measure reorganizing how the Office of Juvenile Affairs contracts with service providers and modifications to the Youthful Offender Act were of major importance.

HB 2999 provides specific guidelines to be followed by the Office of Juvenile Affairs (OJA) and nonprofit youth services agencies when providing core community based services. Core community based services are those services provided to youth by local youth services agencies through contracts with OJA. The bill establishes a system of peer review of youth services agencies to better inform OJA of the organization, programs, records, and financial condition of the agencies contracting with the Office. Another provision of the measure reorganizes and creates new divisions within OJA to better monitor the relationships between OJA and youth services agencies. The Division of Institutional Services is charged to be responsible for the institutions operated by or contracted for by the Office. The Division of Community-based Youth Services is responsible for contracting with, monitoring, evaluating, and supporting community-based youth services agencies. The Division of Juvenile Services is responsible for intake, probation, and parole services. The Division of Residential and Treatment Programs is created to be responsible for contracting for, monitoring, and evaluating residential and treatment programs other than institutions and community-based youth services agencies. Other provisions of the bill grant youth services agencies the ability to negotiate the documentation required to show that the agency has fulfilled contracted obligations. OJA is prohibited from funding any new or replacement youth services agency if the funding would lower the contract amount from the previous fiscal year for the existing youth services agency. Finally, the measure requires OJA to give full consideration to any recommendations of the Oklahoma Association of Youth Services regarding community-based facilities, programs, or services when planning and coordinating statewide juvenile justice and delinquency prevention services.

A series of four bills affecting juvenile justice were enacted as the result of the work of the Youthful Offender Task Force of 2005. The Task Force was created to evaluate the effectiveness of the Youthful Offender Act and to study the best practices for similar types of adjudicated juveniles in other states and jurisdictions, study the ability and effects of transferring youth to the Department of Corrections, and make recommendations for changes to the Legislature.

SB 1756 requires the judgment and sentence of a person who is or has been certified as a youthful offender to clearly identify the person as a youthful offender and detail the history of the application of the Youthful Offender Act as it relates to the person when the person is being bridged from the Office of Juvenile Affairs to the custody of the Department of Corrections.

SB 1760 removes a provision that allows juveniles 15, 16, or 17 years of age and who are charged with murder in the first degree to be treated as youthful offenders. The measure requires that these juveniles who are charged with murder in the first degree be held accountable as if the person is an adult.

SB 1799 clarifies the process used by OJA and the courts when making determinations on the release from custody or transfer of a youthful offender to the adult corrections system. The bill

requires the court to schedule annual reviews for every youthful offender in the custody of OJA and allows incremental yearly extensions of OJA custody for these offenders until the offender reaches their twentieth birthday. An offender may be retained in OJA custody until their twenty-first birthday if the Office has established a separate youthful offender facility. The measure adds to the list conditions that allow for the transfer of a youthful offender from OJA custody to the adult corrections system by including the failure of the offender to substantially complete the reasonable treatment objectives and if the offender commits battery or assault and battery on a state employee or contractor of a juvenile facility while in custody. Finally, the bill provides legislative intent stating that eligible 17-year-olds should have the opportunity to be processed as youthful offenders and should have the ability to be transferred to the Department of Corrections when incarceration or additional supervision is required.

Finally, **SB 1765** makes numerous changes on how the courts are to proceed in youthful offender matters. The bill provides that preliminary hearings must commence within 90 days of the filing of information to determine whether a crime was committed and whether there is probable cause to believe the accused person committed the crime. If the preliminary hearing is not commenced within 90 days, the state is prohibited from seeking an adult sentence unless the 90-day requirement is waived by the defendant. If the accused person flees the jurisdiction, purposely avoids apprehension for the charges, or fails to cooperate with providing information on locating the parent, guardian, or next friend of the accused, the right to have the preliminary hearing within 90 days is waived. The bill requires the court to give more weight to certain criteria when making determinations as to whether a juvenile will be considered a juvenile, youthful offender, or adult for purposes of prosecution. For instance, the court must give more weight if the offense was committed in an aggressive or violent manner or was against a person and personal injury resulted, and the court must consider the record and past history of the accused. Criteria to be given less weight are issues such as sophistication and maturity of the accused, the accused person's capability of distinguishing right from wrong, emotional attitude, and pattern of living. Less weight is also given to likelihood of rehabilitation and if the offense occurred while the person was escaping or in escape status from an institution. The bill allows a district attorney to file a motion to impose an adult sentence on a person arraigned as a youthful offender if the district attorney believes that the person will not reasonably complete a plan of rehabilitation or the public will not be protected if the person were sentenced as a youthful offender. This motion must be filed within 30 days of the formal arraignment or 14 days prior to the start of the preliminary hearing. The bill also contains the provisions from SB 1799 relating to the annual review of all youthful offenders and the ability to extend OJA jurisdiction until the offender attains the 21 years of age if OJA has a youthful offender facility. Youthful offenders who are still in custody at 18 years of age are allowed to authorize and consent to the medical care sought on behalf of the youthful offender by OJA. Lastly, the measure requires any child under 18 years of age who is a legal resident of Oklahoma and who has been detained or arrested to be identified within 72 hours of the detention or arrest for educational needs and be given educational opportunities by the State Department of Education without delay while in a detention facility or jail.

Education

Common Education

The 2006 session was marked with concern over our children's health. The Legislature passed **SB 1467** to require schools to provide information about meningococcal meningitis to parents who have students in grades 6 through 12. Also related to children's health is **SB 1459**. This legislation mandates that the State Department of Education in conjunction with the State Department of Health provide information and technical assistance for the health of students for the Healthy and Fit School Advisory Committees.

The Legislature also passed legislation to help increase the likelihood that teachers will be able to recognize and know when and how to report child abuse. **HB 2097** requires professional training for the recognition and reporting of child abuse.

The Legislature also passed **HB 1646** which modifies student transfer application limitations and adds a clause for deaf students or those who are hearing impaired who wish to transfer to a school district with a specialized deaf education program. Applications may be filed at any time during the school year. Upon approval of the receiving school district, the student may transfer to that district at any time during the school year.

According to legislation passed last year, only teachers trained in Literacy First or a scientifically research-based program could teach in the third grade summer reading academies of Literacy First or Reading First. With the passage of **HB 2712** teachers who are certified as reading specialists but have not taken the Literacy First or Reading First professional development program are now included in the pool of those teachers certified to teach the third grade summer reading academies.

The need to provide teachers with a firm set of guidelines and definitions of the provisions in the Teacher Due Process Act led to passage of **HB 2756**. It specifies actions, for which a career teacher may be dismissed or not reemployed to be as follows:

- Willful neglect of duty;
- Repeated negligence in performance of duty;
- Mental or physical abuse to a child;
- Incompetence;
- Instructional ineffectiveness;
- Unsatisfactory teaching performance;
- Commission of an act of moral turpitude; or
- Abandonment of contract.

Problems with student truancy led the Legislature to fashion **SB 1597** which raises the parental fines and allows for jail time for parents of students who are truant. It also allows the court to order the parent, guardian, or other person having custody of the child to perform community

Education

service in lieu of the fine, all or part of which may be performed for a public school district. Additional conditions the court considers necessary to obtain compliance with school attendance requirements may also be imposed including, but not limited to, the following:

- Verifying attendance of the child with the school;
- Meeting with school officials;
- Taking the child to school;
- Taking the child to the bus stop;
- Attending school with the child;
- Undergoing medical, psychological, or psychiatric evaluations and following the recommendations of the evaluator;
- Undergoing an evaluation for drug, alcohol, or other substance abuse and following the recommendations of the evaluator; and
- Taking the child for medical, psychological, or psychiatric evaluation or for drug, alcohol, or other substance abuse evaluation and following the recommendations of the evaluator

The Legislature also increased standards for substitute teachers in **SB 1493**. This bill requires that beginning with the 2007-08 school year, any substitute teacher employed to teach special education for the same assignment for more than 15 consecutive or 30 total school days during a school year who does not hold a valid certificate to teach special education must complete in-service training as prescribed by the State Board of Education. The training is to be provided at no cost to the substitute teacher. The school district may request a waiver of the restrictions on total time a substitute teacher may be employed or the restrictions on time in the same assignment from the State Board of Education for a substitute teacher who does not hold a valid certificate. However, the school district must also submit evidence on the availability of certified substitute teachers and the qualifications of the substitute teacher.

In **SB 1792**, the Legislature created the Achieving Classroom Excellence Steering Committee. The 2005 Achieving Classroom Excellence Task Force recommended a Steering Committee to assist with developing end-of-instruction testing. The Steering Committee will continue until December 31, 2009. It will develop a list of career and technology education state and national tests that may serve as alternative tests and determine if each alternate test evaluated is standardized, independently graded, knowledge-based, and administered on a multi-state or international level. It will evaluate the alternative tests. The Steering Committee will also study and recommend the minimum score or level of mastery needed to pass each alternate test.

SB 1792 also adjusts the requirements that students entering the ninth grade in the 2006-07 school year and subsequent years must complete the following core college preparatory/work ready curriculum units or sets of competencies in order to graduate from a public high school accredited by the State Board of Education with a standard diploma:

- Four units of English to include Grammar, Composition, Literature, or any English course approved for college admission requirements;
- Three units of mathematics, limited to Algebra I, Algebra II, Geometry, Trigonometry, Math Analysis, Calculus, Advanced Placement Statistics, or any

mathematics course with content and/or rigor above Algebra I and approved for college admission requirements;

- Three units of laboratory science, limited to Biology, Chemistry, Physics, or any laboratory science course with content and/or rigor equal to or above Biology and approved for college admission requirements;
- Three units of history and citizenship skills, including one unit of American History, one-half unit of Oklahoma History, one-half unit of United States Government and one unit from the subjects of History, Government, Geography, Economics, Civics, or Non-Western culture and approved for college admission requirements;
- Two units of the same foreign or non-English language or two units of computer technology approved for college admission requirements, whether taught at a high school or a technology center school, including computer programming, hardware, and business computer applications, such as word processing, databases, spreadsheets, and graphics, excluding keyboarding or typing courses;
- One additional unit selected from paragraphs 1 through 5 of this subsection or career and technology education courses approved for college admission requirements; and
- One unit or set of competencies of fine arts, such as music, art, or drama, or one unit or set of competencies of speech.

Energy and Utility Regulation

HB 2810 expedites and streamlines the permitting process that prospective oil refineries must undergo before they can be built as part of the Rural Economic Development Initiative (REDI). It is estimated that 200 to 500 new jobs could be created for every new refinery that opens in the state as a result of this legislation.

HB 2903 provides for the protection of customer telephone records and data from unauthorized use by requiring telephone companies to establish reasonable procedures to protect against unauthorized or fraudulent disclosure which could result in substantial harm to any customer.

HB 2877 authorizes governing bodies to provide for the operation of Enhanced 9-1-1 emergency service which includes the provision of 9-1-1 calls from interconnected Voice over Internet Protocol (VoIP) service users and imposes a 9-1-1 emergency service fee in the area to be served by the system. Upon submission of the appropriate petitions signed by not less than 5 percent of the total votes cast in the most recent general election, the proposition will be submitted to the voters of the county, municipality, or area to be served in a referendum election. Any fee imposed by the governing body must be stated separately and added to the user's billing and be used to pay for the operation of the 9-1-1 VoIP emergency service.

Environment and Natural Resources

Significant issues addressed by the Legislature this session in the environmental area include municipal water systems, use of real property, hazardous waste regulation and waste of groundwater. **SB 1293** enables municipalities, sewer improvement districts, water or sewer public trusts, rural water or sewer districts, consortium of small publicly owned water supply systems or wastewater systems, substate planning districts, and Oklahoma Rural Water Associations to hire or contract for services with the Department of Environmental Quality (DEQ) licensed and certified operators to provide certified operator services for those systems. **SB 1574** modifies the Oklahoma Water Resources Board's requirements for prevention of waste of groundwater by requiring any employee of the Board to take steps to assure that any found waste ceases by means allowed, from voluntary compliance to suit in District Court.

HB 2604 limits DEQ's jurisdiction with respect to facilities which store grain, feed, seed, fertilizer, and agricultural chemicals which are required by Federal National Pollutant Discharge Elimination System (NPDES) regulations to obtain a permit for storm water discharges.

HB 2984 was amended to allow an owner of croplands, rangelands, or forestlands to set this property on fire for the purposes of cedar tree eradication. Fines may be levied upon anyone throwing "flaming or glowing" substances onto a right-of-way. The proceeds from these fines will go to the fire department or district where the violation took place.

General Government

The Sunset provisions of the Oklahoma Statutes which either terminate or re-create state entities on a rotation of six year periods was one focus of the Government Reform, Agency Oversight and Administrative Rules legislation this session.

The annual Sunset bills (HB 2122 – HB 2154) re-created a number of agencies and set them for further review in the year 2012. This year's agencies were: State Board of Foresters; Board of Chiropractic Examiners; Liquefied Petroleum Gas Research, Marketing & Safety Commission; State Agency Review Committee was renamed the Oversight Committee for State Employee Charitable Contributions; Child Death Review Board; State Board of Licensed Social Workers; State Capitol Preservation Commission; Wheat Utilization, Research and Market Development Commission; Sheep & Wool Utilization, Research and Market Development Commission; Oklahoma Peanut Commission; State Board of Veterinary Medical Examiners; Board of Examiners for Speech-Language Pathology and Audiology; Wellness Council; Climatological Survey; Commission on County Government Personnel Education and Training; Board of Examiners in Optometry; State Anatomical Board; Board of Tests for Alcohol and Drug Influence.

The state passed legislation providing personal information protection to Oklahomans. **HB 2357** requires any state agency, board, commission or other unit or subdivision of state government that owns or licenses computerized data that includes personal information shall disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of Oklahoma whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. This notification of a breach of government computer systems is one step toward protecting citizens from identity theft. **HB 2396** modifies the Oklahoma Open Records Act by adding an exception. The new law allows public bodies that provide utility services to the public to keep social security numbers of individual customers confidential.

Fiscal responsibility was another issue addressed this session by the Legislature. In **HB 2554** the Department of Central Services was granted the ability to establish and implement a comprehensive statewide facilities management software program in order to effectively identify state-owned real property and to efficiently and fiscally manage the long-range deferred maintenance funding requirements of such real property.

In other government related legislation:

- **HB 1284** modifies the Open Meeting Act to allow for teleconferencing and videoconferencing in certain circumstances;
- **SB 1058** relates to the Oklahoma Horse Racing Commission and removes the restriction on membership with regard to appointments from modified or redrawn congressional districts; and

General Government

- **SB 1089** prohibits any certificate of authority to act as a lottery retailer from being issued to any applicant doing business or who holds a license to do business as a pawnbroker, supervised lender, or deferred deposit lender, also known as a payday lender, or whose primary business is categorized as a check casher.

Health and Human Services

Legislators addressed a number of significant issues this session, most notably, enacting reforms of the Medicaid and child welfare systems. Other important issues included legislation relating to abortion laws, legalizing tattooing, and licensing genetics counselors.

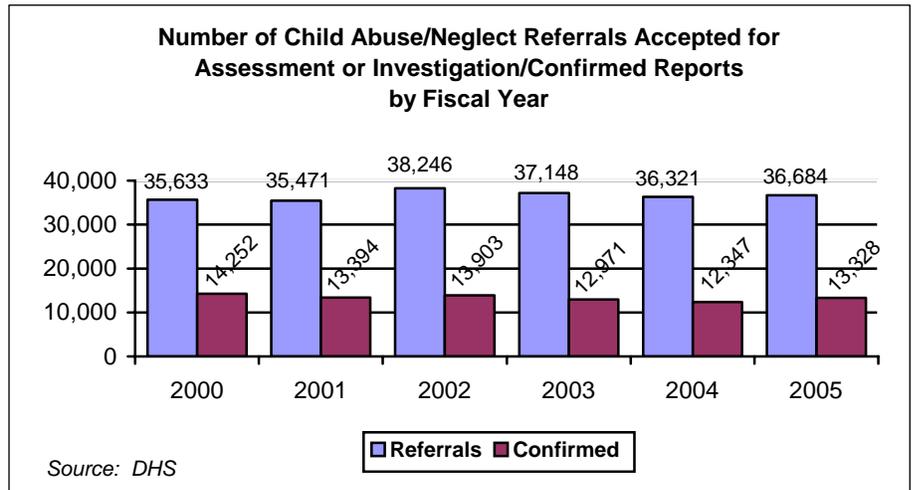
Medicaid

After months of study undertaken by members of the House Medicaid Reform Task Force to identify areas of possible improvement and reform in the state's Medicaid program, **HB 2842** was enacted. The purpose of the Oklahoma Medicaid Reform Act of 2006 is to create a more efficient and effective service delivery system that will enhance the quality of care and health outcomes of persons in the Medicaid program. Some provisions of the measure include:

- Allowing commercial insurers the ability to offer benefit packages to Medicaid recipients;
- Developing an opt out option to allow recipients to purchase health insurance from an employer;
- Implementing cost-sharing methods and/or benefits within federal guidelines for persons between 133 percent and 185 percent of the federal poverty level (FPL.);
- Requiring the development of an incentive reimbursement rate plan for nursing facilities based on certain quality care indicators and the development of alternatives for long term care;
- Implementing a physician-staffed health line pilot program in an effort to reduce unnecessary emergency room visits ;
- Directing the OHCA to apply for a waiver to extend Medicaid benefits to persons up to the age of 23 if that person is a full-time college student in Oklahoma and meets existing eligibility criteria;
- Expanding eligibility for the premium assistance program to include parents of children eligible for Medicaid, contingent upon the existing program not consuming more than 75 percent of the dedicated funding; and
- Expanding eligibility for the premium assistance program to include employers with up to 50 employees contingent upon the expansion being accomplished with current funding levels.

Child Abuse and Neglect

The shocking and highly publicized murder of two-year-old Kelsey Smith-Briggs last year resulted in the Legislature taking action to strengthen the adjudication and custody determination process following an investigation of alleged child abuse. **HB 2840** requires the court to use uniform orders in all deprived proceedings and record the recommendations of the parties and participants



made at a hearing related to custody or placement of a child and allows DHS, through the district attorney, to appeal a decision of the court when the Department objects to the removal of a child from state custody. The measure also authorizes the Oklahoma Commission on Children and Youth's Office of Juvenile System Oversight to provide to the court information gathered in an investigation regarding placement of a child or release of a child from state custody and recommendation for placement of the child. Other provisions of the measure include:

- Requiring court appointed special advocates to complete required training and undergo a criminal history background check;
- Requiring DHS to establish a performance-based incentive compensation program for child welfare specialists;
- Expanding the scope of the records disclosure requirement following the death or near death of a child to include recommendations made by DHS and other parties with regard to the custody or placement of a child;
- Authorizing district court judges and the director of DHS to request an investigation by the OSBI in cases where criminally injurious conduct has occurred; and
- Establishing the Oklahoma Children and Juvenile Law Reform Committee to undertake a comprehensive review and study of Title 10 of the Oklahoma Statutes and make recommendations with regard to updating and recodifying the statutes.

Two related measures are **SB 42XX** and **SB 1800**. SB 42XX appropriates \$3.4 million to DHS to hire an additional 100 child welfare workers. SB 1800 establishes a Child Abuse Response Team within the Oklahoma State Bureau of Investigation, provided funding is available, for the purpose of investigating cases of physical and sexual abuse of a child.

Another measure, **HB 2656**, amends the definition of a “deprived child” to include a child born to a parent whose parental rights have been involuntarily terminated and the conditions that led to the termination have not been corrected. The bill also provides classification criteria for child advocacy centers based on the child population of a district attorney’s district and directs the allocation of Child Abuse Multidisciplinary Account (CAMA) funding to freestanding multidisciplinary child abuse teams and child advocacy centers. Finally, **HB 2097** requires school district professional development programs to provide, at least once a year, a component of teacher training on the recognition and reporting of child abuse and neglect.

Abortion

SB 1742 provides that a woman who is pregnant with a child who is 20 weeks gestational age or older and seeking an abortion, that is not a medical emergency, be provided an opportunity to read materials regarding pain and the unborn child and be informed if an anesthetic would alleviate pain to the unborn child during the abortion procedure. Other provisions of the measure include:

- Requiring written informed consent of one parent prior to an abortion being performed on an unemancipated minor;
- Providing that, prior to an abortion, a woman be informed that ultrasound imaging and heart tone monitoring of the unborn child are available and requiring the State Board of Medical Licensure and Supervision to compile and make readily available a list of agencies that offer ultrasound imaging or heart tone monitoring at no cost to the woman; and
- Requiring the State Department of Health to implement a program to facilitate funding nongovernmental entities that provide alternatives to abortion services.

Miscellaneous Health and Human Services

Supporters of legalized tattooing were successful this session in pushing for the passage of **SB 806**. The measure requires tattoo operators and artists be licensed by the State Department of Health and prohibits the Department from granting a license to a body piercing or tattoo operator whose business is within 1,000 feet of a church, school, or playground. The bill also prohibits any person under 18 years of age from receiving a tattoo and requires written parental consent and the presence of a parent during a body piercing procedure for any person under the age of 18.

The dramatic increase in understanding of human genetics and the desire to ensure that patients who seek out genetic counseling receive services from qualified and accountable professionals led to the passage of **SB 990**. The measure establishes minimum educational and examination requirements for licensure and provides that the process be administered by the State Department of Health. The bill also prohibits licensure of a genetic counselor being contingent upon the person’s acceptance of abortion as a treatment option for any genetic disease or anomaly.

**States that License
Genetic
Counselors**

California
Illinois
Massachusetts
Oklahoma
Utah

Health and Human Services

In an effort to begin the process of moving individuals with disabilities out of institutional care and into the community, **SB 2017** creates the Opportunities for Independent Living Act. The measure creates a pilot program in which the Oklahoma Health Care Authority, in conjunction with the Department of Human Services, is directed to identify 30 people who have requested to receive their services in a community setting and oversee the transition to and maintenance of such care.

Recognition of the fact that the state is facing a future shortage of health care professionals resulted in the passage of **SB 1394**. The measure establishes the Health Care Workforce Resources Center to coordinate statewide efforts to meet supply and demand needs for the health care workforce. Additional duties of the Center include:

- Collecting relevant data to support strategic decisions and policy recommendations;
- Ensuring that the current education and training systems have the resources necessary to produce a sufficient number of health care workers in the short and long terms;
- Increasing awareness among young people and adults about the opportunities available in health care careers to increase the number of people entering health care professions; and
- Improving the job satisfaction and retention rates of persons working in the health care field.

The Legislature responded to a disturbing trend among young people of ingesting common household items, such as certain types of cough syrup, to produce a “high” by enacting **HB 2485**. The bill establishes the Task Force on Adolescent Substance Abuse and Misuse of Household Items for the purpose of studying the prevalence of the misuse and abuse of drugs and household items among adolescents, examining mechanisms to prevent the abuse of drugs and noncontrolled substances, and making recommendations with regard to necessary legislation.

Judiciary

As is often the case, the bills that passed out of the Judiciary Committee were varied in topic.

The issue of child safety was addressed in a number of committees and Judiciary was no exception. **HB 2656** expands the definition of deprived child by adding a child who has been born to a parent whose parental rights to another child have been involuntarily terminated by a court, and the conditions which resulted in that termination have not been corrected. This bill also provides more detailed direction in how the Department of Human Services allocates funds from the Child Abuse Multidisciplinary Account and eliminates the adoption assistance benefits for children over the age of 18, with the exception added for children who are 19 and meet certain criteria.

Also related to children, **HB 1908** entitles child support to any child who is regularly enrolled in and attending high school up to the age of 20 or graduation, whichever occurs first. Before the passage and signature of this bill, entitlement to child support ceased at age 18 regardless of high school status.

On the topic of crimes, **HB 2480** extends the statute of limitations for solicitation for murder to seven years from discovery. Discovery is defined as the date upon which the crime is made known to anyone other than a person involved in the solicitation. **HB 2099** raises the maximum fine that an individual can be prosecuted for in a municipal court without triggering a jury trial from no more than \$200 to no more than \$500.

SB 1749 creates the Notice of Opportunity to Repair Act, which provides guidelines to both the contractor and homeowner for the conditions under which a homeowner may file a lawsuit against the contractor.

Public Safety and Homeland Security

Oklahoma Wildfires

Oklahoma wildfires and support to volunteer firefighters were of major importance to the Legislature this session. When the legislative session began, the state had been under an executive order banning outdoor fires since November. In all, the state was under a fire ban order for 184 days. To assist overtaxed volunteer fire departments, the Legislature enacted **HB 2252** which appropriates \$3.6 million to the Oklahoma Department of Agriculture, Food, and Forestry to be used to address needs associated with the costs to the Department and the Incidental Command Posts established during the fires. An additional \$1.5 million was used to reimburse rural fire departments for expenses incurred to suppress drought-related fires. A second measure, **SB 1190**, appropriates an additional \$4.5 million for Operational Fire Grants to aid rural fire departments; \$2 million to be used to repair or replace rural firefighting equipment, with priority toward rural fire departments who have suffered equipment losses due to the drought suppression related fires; and another \$2.5 million to address expenses incurred by the Department of Agriculture, Food, and Forestry and rural fire departments during the drought conditions.

Honoring Our Soldiers

The Legislature enacted two measures designed to protect our soldiers. **HB 2643** makes it illegal for any person or business to use the name or picture of any service member in any advertisement without having first obtained the consent of the person or the consent of the surviving spouse if the person is deceased. Punishment for violation is a misdemeanor subject to a \$1,000 fine and up to a year in the county jail. The second measure, **SB 1020**, is known as the Oklahoma Funeral Picketing Act and prevents picketing within 500 feet of an armed service member's funeral. Any person convicted of violating this act is guilty of a misdemeanor subject to a fine of \$500 and up to 30 days in the county jail. A companion bill to this legislation, **SB 1951**, extends the ban on funeral protests to include any place where a portion of a funeral service is held.

Emergency Management

Effective emergency response and coordination were the impetus behind the enactment of **HB 2585**. The bill establishes the Oklahoma Intrastate Mutual Aid Compact as a model for county, municipal, and state emergency entities as well as tribal jurisdictions to enter into agreements to provide effective emergency response for the state. The measure establishes procedures which each entity that enters into the compact must follow.

Another emergency management measure, **SB 1709** requires emergency operations plans developed by local emergency management organizations to be based upon a hazard and risk assessment that has been prepared for the jurisdiction being protected. The plan must include

provisions for the evacuation of all or a portion of the population based upon the risk to the population in the event of any disaster. The bill requires that the plan be reviewed annually and that each political subdivision provide widespread dissemination of the plan to citizens.

Miscellaneous

In the aftermath of Hurricane Katrina, there was much confusion regarding the carrying of weapons by the citizens of Louisiana. Many citizens were concerned for their safety and carried weapons to deter looters and other criminal acts. Local governments began to confiscate weapons from the citizens. To prevent that type of confusion here in Oklahoma, the Legislature enacted **HB 2696** which prevents the Governor from prohibiting the possession of firearms or other deadly weapon during a time of emergency.

A recent federal law was enacted to allow a retired peace officer to carry a concealed firearm anywhere in the United States, if the retired officer met certain qualification standards. **SB 1970** requires the Council on Law Enforcement Education and Training to establish a state firearms requalification standard for active and retired peace officers.

Wrecker operators are assisted in receiving reimbursement for costs associated with towing abandoned vehicles with the enactment of **SB 1521**. The bill authorizes wrecker companies to collect all lawful fees from the owner, lienholder, or insurer accepting liability for paying the claim for a vehicle that has been towed

A related measure, **HB 3085**, requires salvage pools or salvage disposal companies that facilitate the sale of motor vehicles for insurance companies to provide on their website the full 17 digit vehicle identification number and the name of the insurance company that is selling the motor vehicle. The salvage pool or salvage disposal company must also show the buyer's identification number of the winning bidder on any sale that takes place on the Internet or by on-line bidding for all salvage motor vehicles being sold for an insurance company.

Retirement Laws

Although over 35 bills relating to the state's six retirement systems were introduced during the Second Session of the 50th Legislature, only two were enacted: the House of Representatives was resolved to limit changes to a retirement system plan that were not sufficiently funded. **SB 1894**, crafted to prevent the passage of unfunded measures, was passed during the Regular Session. **HB 1179XX**, enacted by the Second Extraordinary Session, provides cost-of-living adjustments (COLAs) for each of the systems; it also creates the Education Employees Service Incentive Plan (EESIP), which would phase out the salary cap currently employed to calculate retirement benefits for some members of the Teachers' Retirement System of Oklahoma (OTRS). The COLA increases were cost neutral for all but two of the retirement systems, and EESIP contains a provision that conditions its implementation on concurrent funding by the Legislature.

SB 1894 relates to the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges and to any new retirement system. It provides that a retirement bill with an actuarial impact must be introduced during an odd numbered year of a legislative session and passed in an even numbered year. As a condition of introduction, the legislative actuary performs a preliminary examination of all retirement bills for determination of an actuarial impact. A retirement bill that has been found to have an actuarial impact may not be reported out of committee without a complete actuarial investigation. Under this plan, any retirement legislation with an actuarial impact cannot become law unless it is concurrently funded by legislative appropriations or from the funds of a political subdivision that wholly or partially supports a system.

The EESIP provisions of HB 1179XX allow OTRS members to move employment experience credit gained under the "capped" system that was operative until July 1, 1995, to the "uncapped" plan currently in effect. To pay for the enhancement of benefits, the member must remit employee contributions not made as result of the salary cap, and the employer contribution rate is modified over a 2 ½ year period beginning January 1, 2007 (7.6 percent, 7.85 percent, 8 percent). The employer rate increase will only become effective if appropriations are made sufficient to cover its cost.

The COLA sections of HB 1179XX are as follows:

- Retired members of The Oklahoma Firefighters Pension and Retirement System (OFPRS), the Oklahoma Police Pension and Retirement System (OPPRS), the Oklahoma Law Enforcement Retirement System (OLERS) and the Oklahoma Public Employees Retirement System (OPERS) receive COLAs calculated at 4 percent of benefits. The OPPRS and OPERS increases are cost neutral as both systems assume a 2 percent annual COLA; the OLERS increase will add \$36 million to its unfunded liability, and OFPRS will incur a cost of \$4.8 million; and
- The Teachers' Retirement System of Oklahoma (OTRS) retirees receive a 2 percent COLA. The increase is cost neutral as OTRS assumes a 1 percent annual COLA.

Revenue and Taxation

Providing meaningful income tax relief for all Oklahomans was the focus and priority for the Second Session of the 50th Legislature. The 2006 tax relief package reduced the state's income tax rate, eliminated the inheritance tax, and raised the Oklahoma standard deduction to the federal level. This could total \$612 million a year when fully implemented – more than four times the amount of last year's then-record annual tax cuts of \$150 million. Additionally, many tax relief and incentive measures were enacted to encourage growth of various industries and activities in the state.

Individual Income Tax Relief

HB 1172XX and **HB 1174XX** were the two major tax bills to provide record tax relief to Oklahoma citizens. **HB 1172XX** provides for a phased-in reduction over a four-year period in the state's top marginal income tax rate which is currently 6.25 percent. The top rate would reduce to 5.65 percent in 2007, 5.55 percent in 2008, and 5.50 percent in 2009. If the state's revenue has grown by 4 percent plus enough to cover further tax cuts, the income tax rate would be reduced to 5.25 percent in 2010 and subsequent years. This bill also provides for the elimination entirely of the estate tax over the next three years and provides immediate estate tax relief to non-lineal heirs such as nieces and nephews, treating them the same as lineal heirs such as children and grandchildren.

HB 1172XX further provides for a phased-in increase over a four-year period in the Oklahoma standard income tax deduction up to the amount of the federal standard deduction of \$10,300 for married couples filing jointly or \$5,150 for single filers. Oklahoma's standard deduction would be raised from the current level of \$4,000 for married couples filing jointly up to \$5,500 in 2007, \$6,800 in 2008, \$8,500 in 2009, and up to the full federal level in 2010. For single filers or married filing separately, the standard deduction would be raised from the current level of \$2,000 to \$2,750 in 2007, \$3,250 in 2008, \$4,250 in 2009, and up to the full federal level in 2010.

HB 1174XX provides for a five-year phased-in increase of the income tax exemption of retirement benefits received by federal civil service retirees paid in lieu of Social Security benefits. The exemption will be 20 percent beginning January 1, 2007, 40 percent beginning January 1, 2008, 60 percent beginning January 1, 2009, 80 percent beginning January 1, 2010, and 100 percent beginning January 1, 2011, and in subsequent years.

The law further provides for a four-year phased-in increase in the qualifying amount of retirement income allowed to exempt \$10,000 of retirement benefits from taxation. Currently, the qualifying limit is \$75,000 for married filing jointly and \$37,500 for single filers. For married filing jointly, the qualifying limit would increase to \$100,000 for 2007, \$125,000 for 2008, \$200,000 for 2009 and no limit for 2010 and subsequent years. For single filers or married filing separately, the qualifying limit would increase to \$50,000 for 2007, \$62,500 for 2008, \$100,000 for 2009, and no limit for 2010 and subsequent years.

Revenue and Taxation

HB 1174XX also increases from 50 percent to 75 percent the income tax exemption for retirement benefits received from the Armed Forces of the United States up to a limit of \$10,000.

Other individual income tax measures enacted areas follows:

- **HB 2373** authorizes a donation check-off box to be added to Oklahoma tax returns for tax years beginning after December 31, 2006, whereby taxpayers receiving refunds can donate to the Oklahoma Leukemia and Lymphoma Revolving Fund in support of finding a cure for leukemia, lymphoma, Hodgkin's disease, and myeloma and improving the lives of patients and their families;
- **SB 1084** reduces the length of time required to earn an exemption on capital gains from the current three years down to two years effective January 1, 2006; and
- SB 1084 further provides for a transferable tax credit equal to 100 percent of the federal tax credit allowed in the rehabilitation cost of a structure listed on the National Register of Historic Places or certified by the state Historical Preservation office.

Business Tax Relief

A number of tax measures were enacted during the session to encourage expansion and growth of existing industries and provide incentives for development of new business ventures in Oklahoma.

SB 1577 modifies certain requirements for qualifying for the Quality Jobs program. The law provides for amendments to close loopholes and curb abuses of the Small Business Capital Formation Incentive Act and the Rural Venture Capital Formation Incentive Act which provides tax credits up to 20 percent of investments made in small businesses and up to 30 percent of investments made in rural businesses. The loopholes have been used to make an undue exemption from the tax revenue which cost the state an estimated \$6.6 million last year in lost revenue due to tax cuts provided for by the act.

Another bill related to the Quality Jobs Act due to take effect July 1 is **SB 1587** which provides that an establishment that otherwise is qualified to receive quality jobs incentive payments and which locates in a county in which a negative economic event has occurred within the 18-month period preceding the start date would not be subject to certain requirements. An establishment would not be eligible to receive incentive payments based on a negative economic event with respect to jobs that are transferred from one county to another.

Another bill effective July 1 is **HB 2628** which lowers the minimum wage requirement of the Small Employer Quality Jobs Act.

Other measures designed to improve the state's business climate include the following:

- **HB 1174XX** increases the cap for the tax credit for railroad reconstruction or replacement expenditures from \$500 to \$2,000 times the number of miles of railroad track owned or leased within Oklahoma. The act further provides for an additional tax

credit of \$2.15 per ton for Oklahoma-mined coal effective January 1, 2008. Additionally, the act lowers the rated production capacity for zero-emission electricity generation facilities from 50 megawatts to 1 megawatt to qualify for a tax credit of fifty one hundredths of one cent (\$.0050) for each kilowatt-hour of electricity generated effective January 1, 2007;

- **HB 2690** authorizes the establishment of regional economic development authorities, combining cities, towns, or counties. These regional economic development authorities have the same powers as current transportation authorities in the planning, financing, and constructing of regional economic development projects;
- **HB 2506** establishes the Corporation Commission Gas Seep Fund that will consist of monies appropriated by the Legislature or monies designated by law to be deposited to the fund. The legislation authorizes the Commission to make expenditures from the fund to investigate seeping natural gas occurrences and to abate the hazard by issuing an order to the responsible person or plugging the well responsible for the seepage; and
- **SB 1084** extends to 2011 a provision of the tax code that determines taxable income for an oil company and to 2012 the tax credit depletion allowance relating to the mining of coal. This legislation helps stimulate the expansion and growth of the energy industry within the state.

Motor Vehicles

All vessels and motors owned by organizations which are exempt from taxation under Internal Revenue Code 501 (C) 3 and which are primarily devoted to providing educational and training programs related to the sports of sailing, fishing, boating, and other aquatic activities are exempt from registration fees and excise taxes under **SB 1084** effective November 1, 2006.

HB 1174XX exempts a 100 percent disabled veteran from paying a fee for an Oklahoma driver license and limits the expense of a license plate to \$5.

The following new license plates were authorized by SB 1084 and HB 1174XX:

- Support Our Troops
- Gold Star Survivors
- Oklahoma Association for the Deaf
- Oklahoma City Zoo
- March of Dimes
- Oklahoma Quarter Horse

Sales Tax and Administration

Several measures were enacted to streamline and improve the collection and administration of sales taxes:

Revenue and Taxation

- **SB 1947** provides for remittance of sales taxes and fees to the Oklahoma Tax Commission utilizing electronic funds transfer and placement of automated teller machines in state facilities occupied by the Tax Commission for the convenience of taxpayers. The act further expands the definition of gasoline to include biodiesel fuel and biodiesel blend subject to motor fuel taxes.
- **SB 1084** imposes a fine of \$500 per occurrence for a vendor who has knowledge that a consumer is entitled to a sales tax exemption and refuses to honor the exemption.

A variety of nonprofit organizations and items were exempted from the state sales tax under the provisions of bills passed during the legislative session, including:

- **SB 1084**
 - Sales of programs and advertising relating to sports and entertainment events;
 - Sale of advertising in travel brochures and promotional materials produced by the Oklahoma Tourism and Recreation Department;
 - Sales of tangible personal property or services to any person with whom a church has entered into a construction contract necessary to carry out such contract;
 - Sales to the spouse of a 100 percent disabled veteran or to a member of the household in which the veteran resides where the sales are for the benefit of the veteran;
 - Sales of tangible personal property used in the construction or expansion of a rural electric cooperative.
- **HB 2397**
 - Sales of food boxes for the purpose of feeding needy individuals by a church or organization exempt from taxation under Internal Revenue Code Section 501 (C) 3 provided the food boxes contain only edible staple food items and has a sales price of not more than \$50.
- **SB 1022**
 - Sales of admission tickets to a professional sporting event in which a team in the National Basketball Association or National Hockey League is a participant;
- **HB 2062**
 - Sales of admission tickets to a professional sporting event involving ice hockey, baseball, basketball, football or arena football, or soccer;

➤ **HB 1174XX**

- Sales of personal property or services to:
 - Any community mental health center as defined in Section 3-302 of title 43A of Oklahoma Statutes;
 - Nonprofit organizations primarily engaged in providing services concerning health-related diseases and conditions;
 - Or by a national volunteer women's service organization;
 - Or by YWCA or YMCA organizations;
 - Or by Oklahoma Chapters of the Veterans of Foreign Wars of the United States;
- Sales of tickets for admission to an annual event sponsored by educational and charitable organizations or women;
- Sales of personal property consumed in the construction or expansion of a rural electric cooperative;
- Sales of vitamins, minerals, and dietary supplements by a licensed chiropractor to patients;
- Sales of property used in extraction and manufacturing of crushed stone and sand; and
- The cost of construction of parking, security, and dock structures to an enterprise engaged in the wholesale distribution of groceries with 75 percent of its sales to in-state customers.

Ad Valorem Taxation

SB 1084 allows a county assessor to tax property omitted in previous years at an interest rate of 12 percent from the time the taxes became delinquent.

Miscellaneous Revenue and Tax Matters

A number of miscellaneous revenue and tax matters were included in two laws enacted during the session. **HB 1174XX** provides that .93 percent of sales and use taxes collected are to be apportioned to the Oklahoma Department of Tourism for tourism promotion and capital improvements effective July 1, 2007. It is anticipated that this will equate to \$15.6 million in 2008 and will provide much needed funding for Oklahoma's state parks and promotion of tourism activities within the state. This apportionment of funds replaces the existing tourism promotion tax. Additionally, the law adds estates and trusts to entities eligible for qualifying capital gains tax treatment on investments.

SB 1084 increases the surety, collateral, or cash bond requirements from \$1,000 to \$25,000 for all licensed tobacco product distributors and wholesalers effective November 1, 2006. The law also provides that any redevelopment association designated as a tax exempt organization

Revenue and Taxation

pursuant to Internal Revenue Code Section 501 (C) 3 is to have first priority in the purchase of a property being sold for delinquent taxes and special assessments provided the association is operating in the location where the property being sold is located.

Rules

Where a bike path was available, the law required bicycles to travel on the bike path rather than on the street. This proved to be a problem for bicycle riding clubs. Often a large number of bikes on a lengthy ride could not safely transition from the highway to a short bike path and back to the highway. To alleviate this situation **HB 2926** removed the requirement that bicycles travel on bike paths. The new law also requires drivers to maintain a three foot distance from bicycles traveling on a street or highway. Finally, the bill repeals a requirement for a certain type of bicycle headlight which is no longer manufactured.

A constitutional amendment was proposed allowing liquor stores to be open on election days in **HJR 1066**. This amendment will be submitted to a vote of the people. Many states allow liquor sales on election days, and Oklahoma allows restaurants and bars to sell alcoholic beverages on those days.

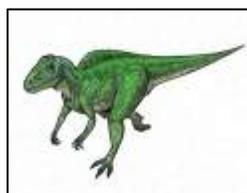
A task force to study the funding of services for victims of sexual violence was formed with **HJR 1010**. The task force's 20 members will make recommendations for programs to teach women how to prevent sexual violence and they will recommend improvements in sexual violence investigation techniques. The task force will report its findings in February 2007.

Traffic citations may be transmitted from the arresting officer to the court system electronically under **HB 2771**. Previously all citations had to be filed on paper. This will streamline the process in those districts that choose to use electronic transmission.



The Mexican free-tailed bat, *Tadarida brasiliensis*, was designated the official state flying mammal of the State of Oklahoma in **SB 1678**. These bats spend a portion of each year in and around Oklahoma's Alabaster Caverns.

Two state emblems were designated in **SB 1613**. The wild turkey was named the state game bird. The *Acrocanthosaurus atokensis* was named the state dinosaur.



Terms of office were changed for the Oklahoma Commission on Children and Youth in **HB 3042**. The term limit was changed from two two-year terms to three two-year terms. The terms appointed by the governor were staggered so they would not all expire at the same time.

Standard design and colors for the Oklahoma state flag were established in **SB 1359**. Various flag producers around the state used multiple designs and color schemes. This bill standardizes the Oklahoma flag.

A special meeting of the State Legislature in Guthrie celebrating the centennial Statehood Day is requested in **SJR 48**. The meeting will occur on November 15, 2007, in the Convention Hall, the original Capitol of the State of Oklahoma.

An issue was placed before the people to allow a freeport property tax exemption in **SJR 37**. The freeport exemption applies to goods passing through the state and held in state for less than 90 days. If passed by the people, the Legislature would be instructed to enact laws designating an application process. Applications would be received by the county assessor.

Tourism and Recreation

HB 2792 defines those film and music projects eligible for a rebate payment. It also requires the Film and Music Commission to establish a film production registry.

The purpose of establishing the Oklahoma Tourism Signage Advisory Task Force found in **HB 2878** is to screen and issue recommendations to the Department of Transportation concerning directional signs for tourist and traveler-related attractions and enterprises in this state.

Finally, **HB 1757** allows extended hours for seasonal employees of the Department of Tourism and Recreation from 1,000 to 1,600 hours.

Transportation

Several measures were enacted this session to increase the efficiency and effective use of funds on the state's transportation infrastructure. One measure, **SB 288**, allocates \$125 million to the Department of Transportation to use solely on repairing obsolete and damaged bridges. A second measure, **SB 1390**, increases the reimbursable amount for force account county bridge projects from \$100,000 to \$200,000 and allows the transfer of monies from the County Bridge and Road Improvement Funds to a county highway fund when a county must reconstruct a damaged bridge.

Another cost saving measure, **HB 2474**, allows the Oklahoma Turnpike Authority to enter into transactions utilizing derivative and other financial products to hedge interest rate risks connected to the issuance of bonds issued by the Authority. These transactions must be approved by the Oklahoma State Bond Advisor and the Council of Bond Oversight.

Funding for transportation infrastructure was greatly enhanced by the Legislature during the special session. **HB 1176XX** provides additional revenue through appropriations and the conversion of the State Transportation Fund from a certified revenue fund to a revolving fund, which will make available an additional \$10.2 million to the Department of Transportation. The measure allows annual increases of up to \$50 million per year for roads until an additional \$200 million has been provided. When all phases and parts of the road plan are fully implemented, it will result in a \$277 million increase in road funding (more than double the current permanent-funding level), bringing total annual road funding to \$477 million per year. Another provision of the bill requires current gas-and-diesel tax revenue to be placed in the High Priority State Bridge Fund instead of allowing the money to be diverted to other uses.

Finally, **HB 1176XX** will increase county road funding by requiring an additional 15 percent of current car tag revenue be made available to counties for roads and bridges (phased in over three years). This action will provide an additional \$85 million for county roads. The county money will be administered by the Oklahoma Department of Transportation, and counties will apply for the funds on a per-project basis. ODOT will also maintain and publish a five-year plan for county projects. Counties will also be allowed to bank dollars up to five years to accumulate funds for a large project or federal match.

Veterans and Military Affairs

SB 1088 modifies the leave of absence as it relates to state employees serving in the military. This bill extends the leave of absence time from 20 days to 30 days in which employees will receive their full regular pay. This bill took effect on May 23, 2006.

SB 1318 allows the Oklahoma Department of Veterans Affairs to provide nurse aide training in its capacity as an operator of nursing facilities and for purposes of certification by the State Department of Health.

Finally, as found in **SB 1505**, the twenty-fifth of March of each year will be designated as “Medal of Honor Day.” The bill asks all citizens of this state to devote some portion of Oklahoma’s Medal of Honor Day to recognize the recipients of what is the nation’s highest military honor. Since its creation in 1862, 12 native Oklahomans have been awarded the Medal of Honor.

Wildlife

HB 2621 establishes the Oklahoma Farmed Cervidae (deer, elk) Act. This Act requires a license to be obtained, as well as provides guidelines, for those persons wishing to breed, possess, or raise cervidae for commercial or noncommercial purposes. This Act does not apply to those who raise cervidae for the purpose of commercial hunting.

Under the language of this bill, the Department of Agriculture, Food, and Forestry becomes authorized to enforce numerous aspects spelled out in the language of this bill including the licensing and application process, animal identification requirements, importation requirements, and restrictions on the size of the licensed facility.

The Department of Wildlife becomes authorized to conduct annual inspections and provide input to ensure that flushing procedures remove all native cervidae from within the newly established enclosure. The Department is also authorized to destroy any escaped cervidae that remains uncaptured by the owner of the facility.

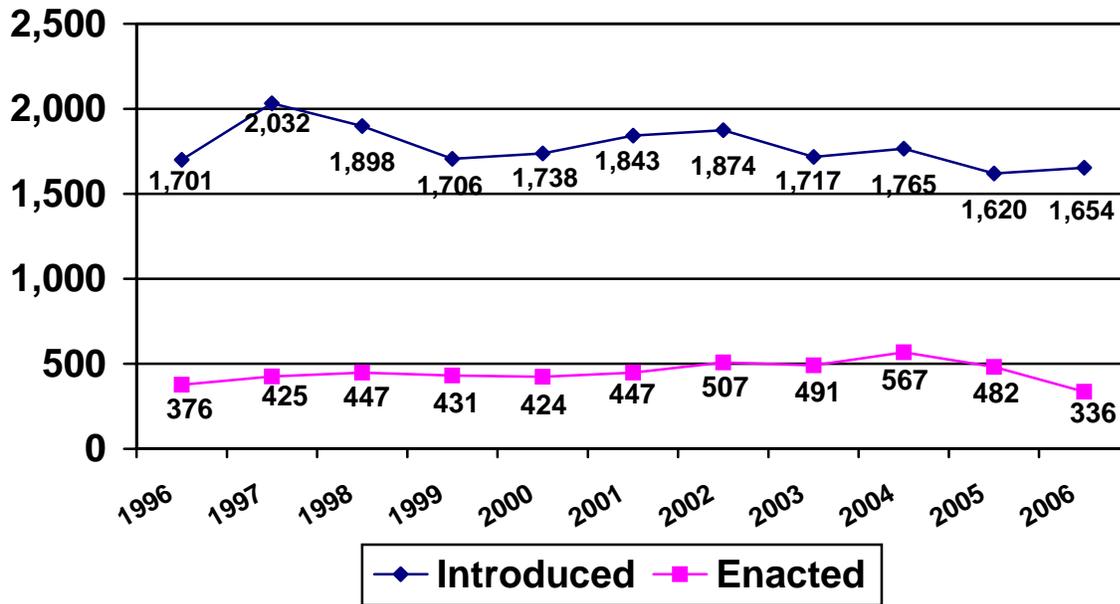
HB 2621 also increases the annual fee for a commercial hunting area license for big game or a combination of big game and upland game from \$200 to \$500. Having paid this annual fee, residents hunting in these commercial hunting areas are exempt from the deer gun hunting license, the deer archery hunting license, the primitive firearms license, the elk/antelope hunting license and the bonus, special, or second deer hunting license fees.

The new language in **HB 3016** provides clarifying language to landowners and hunters by stating that when a landowner or occupant gives consent to hunt on his or her land, that consent will only be valid for one year unless a specified period of time is granted.

Also related to hunting, **SB 1296** authorizes the Wildlife Conservation Commission to declare an open season on mountain lion and bears in Oklahoma. The passage of this bill does not mean there is an open season on mountain lion and bear effective immediately, rather, it simply authorizes the Department of Wildlife Conservation to create such a season. This bill also allows for the hunting of river otter during the furbearer season. That season runs from December 1 to January 31.

Appendix 1 Legislative Production 1996-2006

House Bills and Joint Resolutions Introduced and Enacted*

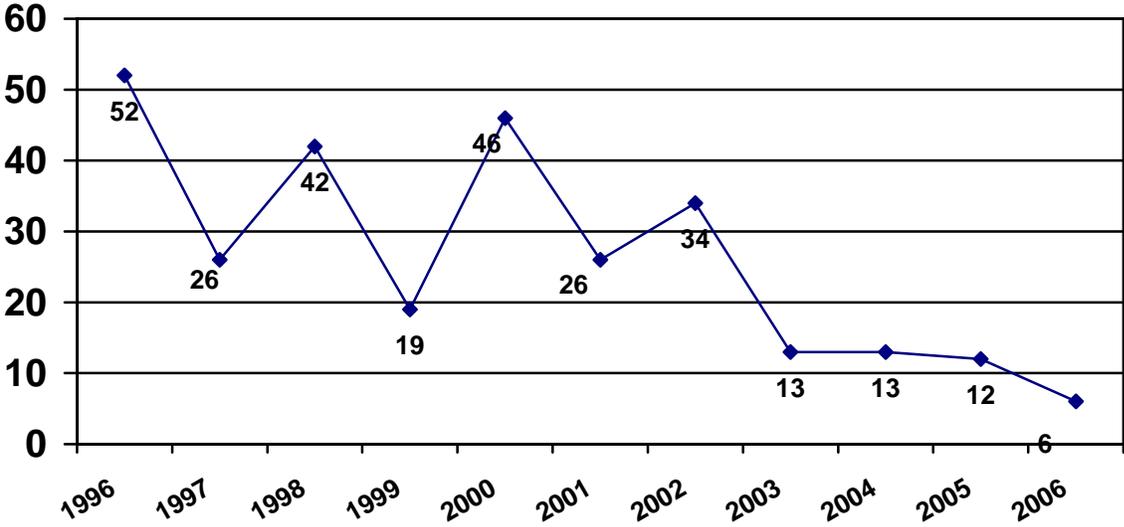


* Does not include concurrent and simple resolutions or measures filed or enacted during any special sessions.

NOTE: 1999 was the first year for the House of Representatives' limit on introduction of House bills and joint resolutions.

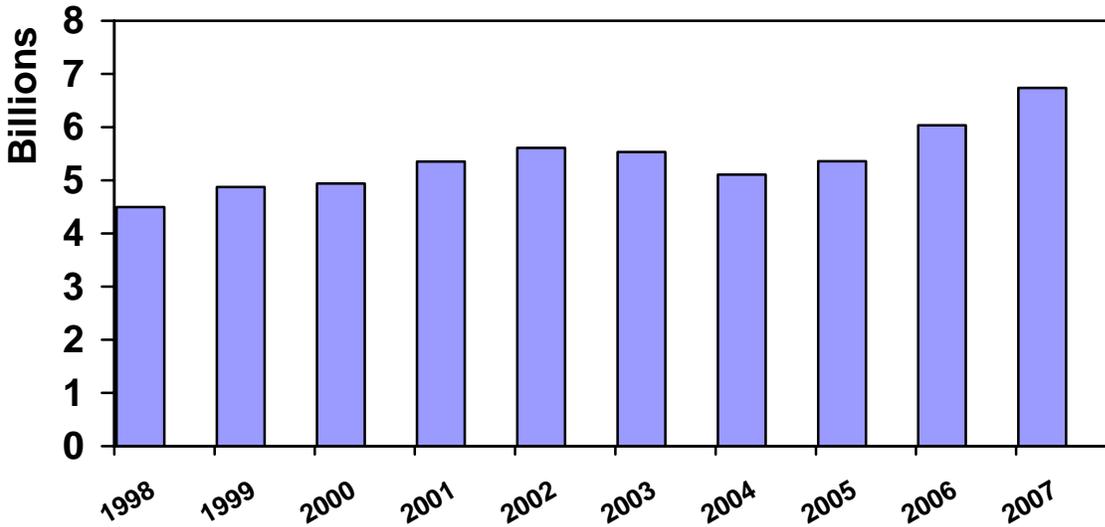
Source of enacted measures data is the House Journal.

Appendix 2
Veto
1996-2006



Measures that were line-item vetoed are counted as vetoes.

Appendix 3 Ten Year Appropriation History 1998-2007



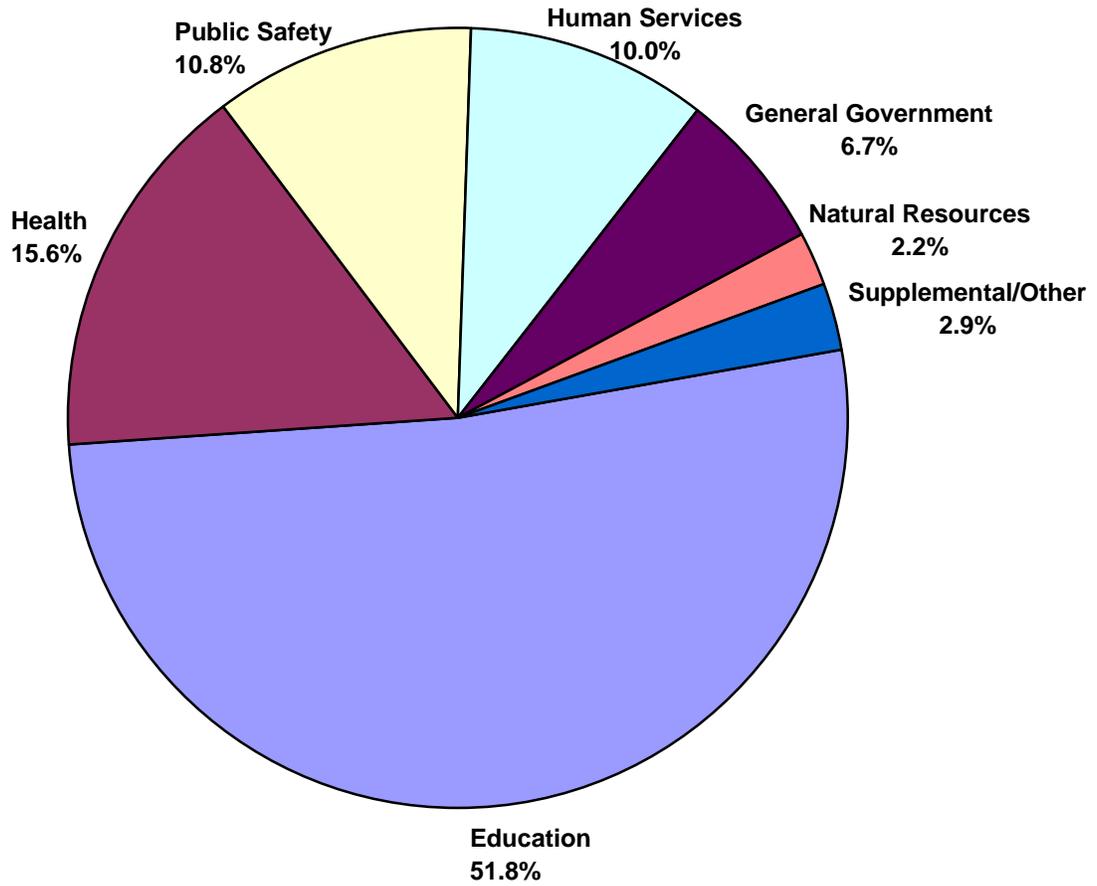
FY-98	\$4,498,606,699	FY-03 (Orig.)	\$5,532,095,223
FY-99	\$4,877,234,307	FY-04	\$5,106,597,024
FY-00	\$4,937,170,096	FY-05	\$5,358,101,676
FY-01	\$5,350,656,390	FY-06	\$6,038,003,816
FY-02	\$5,611,514,760	FY-07	\$6,738,268,544

Notes:

1. These figures include appropriations, pension systems, capital and special projects. Figures exclude supplemental appropriations.
2. Totals also include the Tobacco Settlement Fund, the Common Education Technology Revolving Fund, the Education Reform Revolving Fund, the Higher Education Scholarship Revolving Fund and the Higher Education Capital Revolving Fund.

Source: House Office of Budget and Performance Review

Appendix 4 Distribution of FY-07 Appropriations



Total Appropriations = \$6,738,268,544

**Excludes supplemental appropriations and reappropriations.
Includes capital and onetime expenditures.**

Source: House Office of Budget and Performance Review

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