

2008 Session in Review

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Speaker Chris Bengtson

Oklahoma House of Representatives

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In Memoriam

**The House of Representatives
wishes to honor the memory of
Representative Terry Hyman with
thanks for his service to the citizens
of Oklahoma.**

1951 - 2008

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Preface and Acknowledgements

The *Session in Review* provides a summary of the Oklahoma Legislature's substantive work during the 2008 session and is organized alphabetically by general topic. Every bill (with the exception of appropriation bills) and joint resolution passed by the Legislature is summarized in the document. A detailed review of the FY-09 appropriations is being published by the House Fiscal Division.

A brief description of the session's major legislation is available in the *Session Overview*, prepared by the House Committee Research Staff. All three of these documents may be found on the House of Representatives' home page at:

http://www.okhouse.gov/Information/Info_Publications.aspx

During the Second Session of the 51st Legislature, 1,763 measures and joint resolutions were introduced of which 447 were enacted into law. The Governor vetoed 15 bills. One of these vetoes was overridden by the Legislature. The historical context of this data is shown in Appendices 1 and 2 of this report.

The House Committee Research Staff, under the leadership of its director, Rick Farmer, and composed of Tricia Dameron, Dusty Darr, Dante Giancola, Marcia Goff, Michael Hirlinger, Arnella Karges, Jonathan Small, and Brad Wolgamott, deserves the credit for preparing this document. Also making important contributions to the project were the House Legal Division and the House Fiscal Division. Special thanks to Marcia Goff, Arnella Karges, and Jill Swank who helped edit this document. A word of special gratitude is also extended to Nancy Lutes of the Support Staff whose expertise and dedication made this project a success.

Michael Hirlinger
House Committee Research Staff

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Explanatory Notes

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. Measures vetoed by the Governor are mentioned in Appendix 2 along with the Governor's veto message. The abbreviations HB, HJR, SB, and SJR respectively stand for House Bill, House Joint Resolution, Senate Bill, and Senate Joint Resolution.

In the appendices of this document are charts for this year and the past ten years showing the number of bills and joint resolutions introduced and enacted, the number of vetoes, along with the Governor's veto message, the total amount of state monies appropriated, and a general breakdown of the FY-09 appropriations. Finally, a chart is included listing all state questions which will potentially be on the ballot for the 2008 general election.

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Aerospace and Technology

The Legislature enacted several measures this session aimed at strengthening Oklahoma's status as a hub for the nation's aerospace industry. From modernizing the state's aging regional airports to enacting tax incentives for aerospace companies and engineering graduates that remain in the state, the Legislature demonstrated its desire to see Oklahoma emerge as a leader in the aerospace sector.

The Aerospace Development Act of 2008 creates the Center for Aerospace Supplier Quality (CASQ) within the Oklahoma Aeronautics Commission. **HB 3098** provides that the purpose of CASQ is to create a partnership of service providers to better meet the needs of the aerospace industry in education, training, research, and economic development. The bill also provides that the Oklahoma Aerospace Institute is to serve as a clearinghouse of information concerning the aerospace industry in Oklahoma.

To address the critical shortage of engineering and technical talent facing the Oklahoma aerospace industry, which could potentially rise to 600 vacancies by 2014, the Legislature passed **HB 3239**. This measure allows tax credits for aerospace companies hiring new engineering graduates who agree to work for an Oklahoma aerospace company. Further details on the tax implications are outlined in the Revenue and Taxation section.

HB 2501 allows a licensed dealer to sell aircraft, provided specific requirements are satisfied, by modifying the definitions of *agreement* and *dealer* in the sale of new or used aircraft. The legislation also clarifies what circumstances constitute a private right of action between a dealer and a manufacturer.

Agriculture and Rural Development

The Legislature enacted several measures this session in the areas of agriculture and rural development. In response to the declining number of peanut producers in the state, **HB 2585** reduces the number of nominees from the three districts of the Oklahoma Peanut Commission from six to four nominees per district. The reduction will keep adequate nominees viable and in proportion to the number of peanut producers. From the list of nominees, the Governor appoints one per district to serve as commissioner of the respective district. The following map illustrates the current districts.



HB 3187 creates a support network for the oilseed industry by establishing the Oilseed Commission to coordinate resources, market development, promotion, and education. Producers will be subject to an annual assessment, unless a national checkoff fee is in place. Proceeds from the assessment will go in the Oklahoma Oilseed Resources Fund. The map on the following page indicates the Oilseed Commissioner districts established in the Oklahoma Oilseed Resources Act.

HB 3187
Oklahoma Oilseed Commissioner Districts



SB 1859 creates the Dairy Promotion Act and the Dairy Promotion Commission which will be comprised of not less than five members nor more than eleven members who are active dairy producers, appointed by the Commissioner of Agriculture.

HB 2778 enables sorghum producers to pay assessments in accordance with a national program, once established, rather than paying the state assessment in accordance with the Oklahoma Sorghum Resources Act.

SB 1766 addresses several administrative aspects of the Oklahoma Conservation Commission. The commission is authorized to establish an Equipment Revolving Fund for the purpose of loaning funds to conservation districts to purchase equipment used to complete conservation practices. The measure requires a local district attorney to act as the legal advisor for a conservation district's board of directors. The bill also clarifies a conservation district's responsibilities relating to flood control dams. The commission is authorized to promulgate rules necessary to carry out the provisions of the Carbon Sequestration Enhancement Act. Finally, the measure allows a conservation district director to join a health or dental plan offered by the district and allows a district employee to count service time in the district when transferring to another state agency.

To meet the needs of livestock producers in rural Oklahoma communities, **SB 70** creates an incentive program to encourage veterinary students to pursue practices specializing in large animal care. Subject to available funds, veterinary students at Oklahoma State University will receive up to \$20,000 per year, not to exceed four years, for school expenses in exchange for a commitment to practice in a rural community for at least 12 months for every year that financial assistance was received.

To deter habitual offenders, **SB 1735** increases the penalty for a second or subsequent violation of trespass laws on land primarily devoted to farming, ranching, or forestry. At a judge's discretion, trespassers can be fined, jailed, and held liable for the monetary value of damages caused.

Business and Finance

The Legislature enacted a number of measures affecting businesses in Oklahoma, including bills to enhance financial operations, streamline business transactions, and professionalize occupations. Furthermore, additional economic development initiatives were established to attract and retain certain industries.

Banking and Finance

Major banking reform was enacted in **HB 2725**. Provisions of the bill include:

- Authorizing the Bank Commissioner to include seniority status as a method to classify department employees;
- Allowing the State Banking Board to refund overpayments of assessments from the Banking Department Revolving Fund;
- Changing the collection of 5 percent of par value of stock to fund the organizational expense for a new bank to a collection of 5 percent of the purchase price of the stock;
- Requiring the organizers of a new bank to fully fund the organizational expense fund before the Bank Commissioner can accept an application; and
- Permitting banks to establish a temporary branch when an emergency prevents customers from accessing a permanent branch and allowing temporary branches to be established at special events.

In addition, the measure authorizes a cemetery to collect a fee of not less than 10 percent of the cost of the construction of a burial space, if it is not purchased from the cemetery, to be deposited into the cemetery's Perpetual Care Fund and requires a cemetery that has failed to renew a cemetery merchandise permit to pay all late fees before the permit can be renewed.

Three measures pertain to contracts. **HB 3278** defines a *debt cancellation agreement* as a loan term under which a lender agrees to cancel an obligation under certain circumstances, and the agreement cannot be considered a contract of or for insurance. **SB 1428** specifies that a debt cancellation agreement only cancels amounts owed by a borrower under a loan, retail installment contract, or other credit agreement. **SB 1608** amends the definition of *inventory* for manufacturers, distributors, and wholesalers who repurchase such inventory to also include all-terrain vehicles or ATVs.

To strengthen money laundering laws, especially in conjunction with drug trafficking activities, **SB 1961** creates the Drug Money Laundering and Wire Transmitter Act which requires the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control to conduct a criminal financial check on all applications for money services business licenses. The bill prohibits anyone from conducting a financial transaction knowing that any proceeds are from unlawful activity, establishes penalties, and makes it a felony to intentionally use a money service business to facilitate any violation of the Uniform Controlled Dangerous Substances Act.

Since Oklahoma ranks in the top half of states with instances of identity theft, the Legislature strengthened identity theft laws and punishments. **HB 1622** expands the crime of unlawful use of a credit or debit card to include purchases on the Internet. The bill also prohibits a person from purchasing any document with a name and social security number of another person. **HB 2245** creates the Security Breach Notification Act which requires any individual or entity that owns or retains personal data to notify the affected people when any breach of the information has occurred.

SB 1685 modifies certain requirements related to various functions under the jurisdiction of the State Treasurer's office, such as Unclaimed Property, Special Agency Accounts, and the State Treasurer's Revolving Fund. The measure specifies that funds paid toward mutual investment certificates and any other interest in a bank must be remitted after five years of being abandoned. The bill also updates reporting requirements of unclaimed property and allows special agency accounts to retain money from litigation.

The 2008 session provided the opportunity to modify successful government-supported finance programs. **SB 1618** directs the Oklahoma Capitol Improvement Authority to place funds received from state agencies for a bond in an interest-bearing account. This will allow the funds to generate interest, which can be dedicated for debt service, resulting in decreased interest expenses for state agencies. In an effort to streamline the capital improvement process, the bill requires state agencies and institutions, whose proposed facilities will be financed by the Oklahoma Capitol Improvement Authority, to obtain pre-design services and consultation from the Department of Central Services, Construction and Properties Division.

The Rural Economic Action Plan (REAP) was modified this year by the Legislature. **SB 1866** places the REAP fund under the auspices of the Department of Commerce for the purpose of creating a separation between the administration of the program and the possible future auditing requirements imposed by law on the State Auditor and Inspector. The bill also prohibits the department from using the REAP fund for administrative and ongoing expenditures such as payroll to ensure that the program is utilized for one-time capital projects.

In support of the vital importance of military bases to the state's economy, the Legislature passed **SB 1943** which provides further flexibility for financing efforts for the Military Base Protection and Expansion Incentive Act. The measure also allows funds generated from a bond issued by the Oklahoma Development Finance Authority to be used for military base protection and expansion projects.

Industry and Labor

The state regulates a number of labor provisions and professions. To further protect the public and professionalize a number of occupations, several bills strengthening such regulations were enacted this session.

To raise standards for real estate professionals in Oklahoma, **HB 2564** doubles the amount of instruction required for a provisional sales associate. The bill also allows the Oklahoma Real Estate Commission to enter into reciprocal agreements with other real estate licensing regulatory jurisdictions that have requirements equivalent to Oklahoma's educational requirements and

requires an individual to complete the applicable Oklahoma state portion of the real estate exam to obtain a nonresident license. The bill also authorizes the commission to impose sanctions for licensees who plead guilty or nolo contendere to a crime involving moral turpitude.

The Legislature passed three bills related to mortgage brokers. **SB 1926** changes the name of the Oklahoma Association of Mortgage Brokers to the Oklahoma Association of Mortgage Professionals. Regarding licensure requirements, **SB 1927** requires individuals to satisfy 20 hours of educational requirements prior to applying for a mortgage broker license and requires 16 hours of educational requirements be completed before applying for a mortgage loan originator license. **SB 1928** requires evidence of the completion of the specified number of hours in continuing education as established by the National Association of Mortgage Brokers for renewal of a mortgage broker or mortgage loan originator license.

Three bills address the operations of the Construction Industries Board (CIB). **SB 45** modifies various duties related to the CIB including the following:

- Handling dishonored checks;
- Clarifying the minimum standards governing plumbing work;
- Requiring a national criminal history record check be completed prior to being licensed as a journeyman electrician, electrical contractor, or electrical apprentice; and
- Expanding the list of elevators that do not need to be inspected under the Elevator Safety Act.

SB 1578 aligns the punishments for violations of the different licensing acts regulated by the CIB, increasing fines for violating the Electrical, Mechanical, and Plumbing Licensing Acts to be not less than \$200 nor more than \$1,000, including covering the costs of prosecution. **SB 2131** expands the duties of the CIB by transferring the power and authority to regulate and enforce the Home Inspection Licensure Act from the State Department of Health to the board. The measure reduces membership on the CIB from eleven to seven. The bill also directs the CIB to adopt licensure requirements for petroleum refinery mechanical journeymen.

SB 1529 requires the State Board of Licensure for Professional Engineers and Land Surveyors to hire a board investigator. Furthermore, the bill increases the statutory requirements to become a licensed professional engineer, engineer intern, land surveyor, or land surveyor intern and allows necessary fees to be set by board rules rather than established in statute.

Two bills modify the Oklahoma Abstractors Act. **SB 1575** requires abstract records to be currently available for reproduction, establishes that titles to real property must be currently available for reproduction, and outlines that liability of the holder of a certificate of authority to provide an abstract of title must not be limited. **SB 1975** restricts access to instruments of record under the Oklahoma Abstractors Act for abstracting purposes only and prohibits the sale of the instruments of record for profit to the public.

The Legislature passed more requirements this session to control the copper theft epidemic attributed to the increased value of copper. **SB 1856** creates the Oklahoma Scrap Metal Dealers Act which increases fines and punishments for those who steal copper and adds stricter requirements on scrap metal dealers' recordkeeping. Scrap metal dealers must retain information

from sellers of scrap metal, including a photocopy of their driver license, vehicle description and license tag number, transaction information, and description and weight of items sold.

SB 1577 creates the Oklahoma Anesthesiologist Assistant Act. The measure requires the State Board of Medical Licensure and Supervision to license anesthesiologist assistants and outlines what duties they are allowed to perform. Anesthesiologists must submit a written protocol report to the board regarding the supervisory relationship with anesthesiologist assistants. Oklahoma is the eighteenth state to pass such a law that allows an anesthesiologist assistant to administer anesthetic under the supervision of an anesthesiologist.

SB 1789 modifies provisions of the Oklahoma Chiropractic Practice Act by requiring the Board of Chiropractic Examiners to adopt rules regulating continuing education courses, course sponsors, and instructors. The bill changes the due date for renewing a license from January 1 to July 1 of each year and extends the length of time to three years during which the board may issue a penalty to a chiropractic physician.

SB 1761 expands the definition of *related professional services* to include licensed occupational therapists.

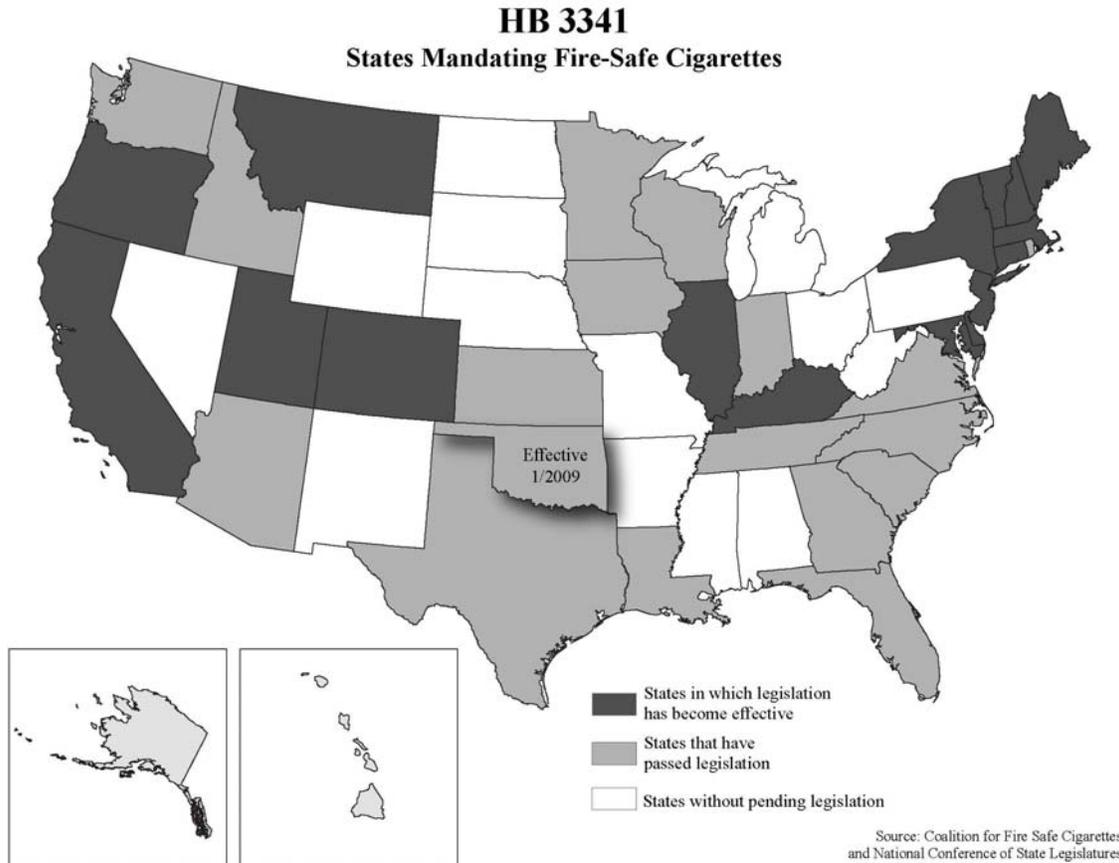
As the variety of combative sports evolves, **HB 3070** renames the Oklahoma Professional Boxing Commission the Oklahoma State Athletic Commission and establishes its mission to expand and promote existing combative sporting events in Oklahoma and work to bring new events to the state.

HB 3050 adds new definitions of real estate as it relates to cemeteries by defining a *lot* as a tract of land used to inter one deceased person and a *plot* as a tract of land made up of more than one burial lot and adds plots as portions of lands that must be surveyed as necessary.

SB 1392 modifies the Trucking One-Stop Shop Act by prohibiting the Corporation Commission's revolving fund for the act from being subject to legislative appropriation and subjecting the fund to the Oklahoma Central Purchasing Act.

Retailers will be required to sell only fire-safe cigarettes under **HB 3341**. Fire-safe cigarettes contain bands that automatically extinguish a cigarette. The measure provides that cigarette manufacturers must have a band 15 mm from the end of the cigarette that is lit and another band 10 mm from the labeled end. The map on the following page shows which states have enacted similar laws.

The distribution of funds received by the Oklahoma Horse Racing Commission from tribes is modified by **SB 1435**. The participating tribes' share is to be used by purse committees for distribution to licensee organizations for purses for participating horses and for the Oklahoma Breeding Development Fund Special Account. The measure requires that the amount to be deposited in the fund be not less than 9 percent of the funds generated nor more than 33 percent of the total funds for horsemen in any race meeting. Tribal money received by the commission can also be used to pay administrative expenses and to fund horseman's representatives' benevolence programs, with set limits.



Oklahoma has a rapidly growing number of wineries, with 53 winemakers currently licensed by Oklahoma's Alcoholic Beverage Laws Enforcement (ABLE) Commission. The proposed constitutional amendment in **SJR 29**, which will go to a vote of the people, if adopted, would allow wineries producing less than 10,000 gallons of wine per year to distribute their product directly to retail sellers, including restaurants and package stores.

The amendment places several restrictions on sales made directly from these wineries to retail sellers, including the following:

- The wine must be delivered to the retailer in a vehicle owned or leased by the winery;
- The wine must be sold to all licensed retailers in the state desiring to purchase it on the same price basis; and
- If the winery chooses to distribute its own products directly to retailers, it forfeits the right to distribute through a wholesaler.

Finally, the proposed constitutional amendment would clarify the ability of wineries to sell their products at festivals and tradeshow.

If the constitutional amendment in **SJR 29** is approved by the people, then the provisions of **SB 995** will take effect. **SB 995** establishes a winemaker self-distribution license. The license

can be obtained through the ABLE Commission for an annual fee of \$750. This license will permit the self-distribution of wine per SJR 29.

To help employers save time and money, **HB 2662** requires the Oklahoma Employment Security Commission (OESC) to provide a method for the state's employers to file the Quarterly Contributions and Wage Report and pay state unemployment taxes via the Internet by December 31, 2008.

SB 1531 amends definitions and standards in the Oklahoma Employment Security Act of 1980, adding a deadline for an Indian tribe to notify the OESC that it will elect to make payments in lieu of employer contributions. The bill clarifies what constitutes employment, filing a document with the OESC, reopening a claim, continuing a claim series, and leaving work voluntarily.

SB 1043 amends the Oklahoma General Corporation Act (OGCA), the Oklahoma Limited Liability Company Act (LLC Act), the Oklahoma Revised Uniform Limited Partnership Act (RULPA), and the Oklahoma Revised Uniform Partnership Act (RUPA). The amendments would broaden the types of lawful consideration for stock and authorize conversions involving foreign entities and domestic entities. Similar conversion amendments are proposed in the LLC Act, RULPA and RUPA. Amendments in the LLC Act and RULPA also address the suspension of entities for failure to file annual certificates or pay fees and the procedures for reinstatement after suspension.

HB 2891 outlines several unfair business practices relating to any for-profit entity that resells donated clothing. The measure makes it an unfair business practice if any for-profit entity does not prominently display proper signage when collecting donations of clothing or household articles via a public receptacle and:

- Resells the items for profit; or
- Provides a portion of the proceeds to a nonprofit; or
- Operates a public receptacle on behalf of a nonprofit.

Economic Development

Another important issue addressed this session was economic development. The Legislature balanced a need for attracting new industries and jobs, retaining loyal Oklahoma companies, and maintaining a conservative fiscal policy in affecting the state budget while passing new initiatives this year to help further the state's growth.

A number of measures amend the Oklahoma Quality Jobs Program Act. One economic development initiative designed to lure an NBA team to Oklahoma City was **SB 1819**. The bill expands the Oklahoma Quality Jobs Program Act to include professional sports teams and authorizes them to receive a rebate of a portion of payroll taxes. This bill is discussed in more detail in the Revenue and Taxation section.

To encourage tire manufacturers to expand and modernize their operations in Oklahoma, the Legislature passed a measure to extend the Oklahoma Quality Jobs Incentive Leverage Act. **SB 1891** allows rebates received by tire industry companies to be used for the debt service of bonds issued by the Oklahoma Development Finance Authority for physical plant improvements. The debt of the first bond must be retired between 2013 and 2017. The bill also authorizes a second bond, provided the investment project is at least \$100 million for each company and no more than \$250 million per company.

Another measure, **SB 2153**, expands the Oklahoma Quality Jobs Program to allow Internet publishing and broadcasting and other web search portal companies, some support activities for air transportation, and professional organizations to file applications for incentives. The bill also establishes deadlines for incentive payments to be claimed and qualifying payroll to be met to receive incentive payments.

To develop major tourist destinations in Oklahoma, the Legislature allows the creation of new tax increment financing (TIF) districts in **SB 1943**. The measure would permit local governments near Lake Texoma and Grand Lake to establish TIF districts which would enable some state money to be given to developments to improve their properties.

To encourage the increased development of the state's natural energy resources, incentives were passed for wind generation and deep-well drilling in **HB 2813** and **SB 1658**, respectively. These bills are further discussed in the Energy and Utilities and the Revenue and Taxation sections.

Education

Common Education

In the area of common education this session, the Legislature focused on the safety and health of students and teachers in Oklahoma public schools. Oklahoma continues to be one of the leading states in the nation concerning the enactment of school security policies. **SB 1941** establishes the Oklahoma School Security Act and includes the following provisions:

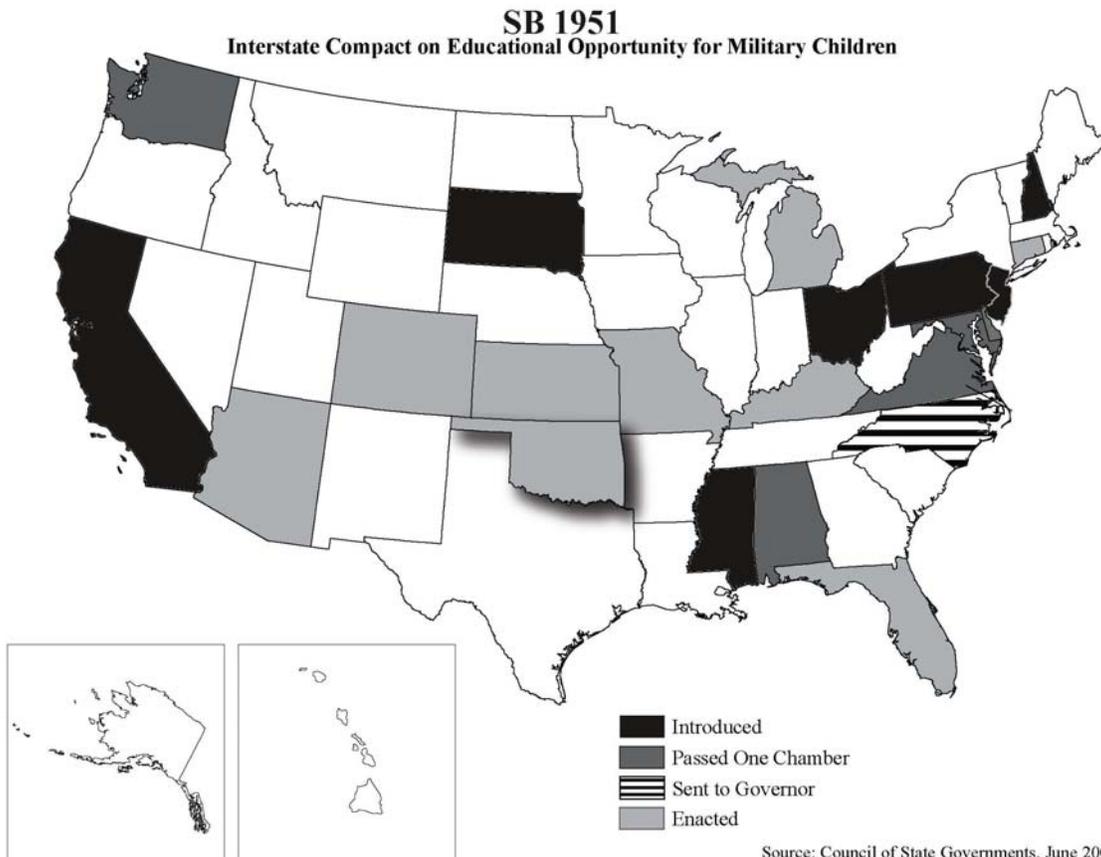
- School districts and institutions of higher learning are required to review and update their disaster and emergency plans annually;
- School districts are required to conduct at least three lockdown drills per school year at each school site;
- Electronic communication (e.g., cell phone, computer) is included as a potential harassment mechanism under the School Bullying Prevention Act; and
- The Oklahoma Office of Homeland Security will make grants available to public schools, private schools, and institutions of higher learning for the purpose of encouraging greater emergency preparedness. Grant money will also be made available to local law enforcement, emergency management, disaster relief, and public health entities for the purpose of encouraging their active engagement with public schools, private schools, and institutions of higher education.

A growing concern nationally is the number of young people who are overweight and, thus, face serious health risks like cardiovascular disease and elevated cholesterol, insulin, and blood pressure. In order to address this issue, the Legislature passed **SB 1186** which requires public elementary schools (K-5) to provide an additional 60 minutes per week of physical activity, which may include physical education, exercise programs, fitness breaks, recess, classroom activities, and wellness and nutrition education, bringing the total to 120 minutes per week. Oklahoma is one of 11 states to mandate minutes per week for elementary schools, and only two states exceed Oklahoma's requirement. Similarly, **SB 519** directs the State Department of Education and the State Department of Health to collaborate in facilitating the development of physical fitness assessment software for public schools in Oklahoma. The software will be able to track five major components of student health-related physical fitness: (1) aerobic capacity; (2) muscular strength; (3) muscular endurance; (4) flexibility; and (5) a weight status assessment that includes measurement of height and weight, calculation of body mass index (BMI) for age, and plotting of these measures on standard growth charts. The two agencies, in conjunction with the Governor's Council on Physical Fitness and Sports, will select 15 elementary school districts in which to pilot the software during the 2008-2009 school year. **HB 3395** directs the State Department of Education to contract with a statewide nonprofit school health program to establish a School Health Coordinators Pilot Program over the next five years. The purpose of the pilot program will be to assist elementary schools in implementing health and wellness programs. **SB 1612** creates the Quality Afterschool Opportunities Act in an attempt to reduce childhood obesity and improve academic performance. Grants are to be awarded to

Education

comprehensive, community-based afterschool programs that include evidence-based obesity reduction components. **SB 923** provides Automated External Defibrillators (AEDs) to every school site, contingent on the availability of funding from various sources. Finally, **HB 2239** requires local school boards to adopt a policy that allows for the self-administration of anaphylaxis medication by a student for the treatment of anaphylactic shock. SB 1612 and HB 2239 are also discussed in the Health and Human Services section.

The Legislature also addressed issues affecting selected groups of students. **SB 1951** enters Oklahoma into the Interstate Compact on Educational Opportunity for Military Children. Oklahoma is now one of ten states to enter into the compact (see map below). Its purpose is to remove barriers to educational success imposed on children of military families because of frequent moves and deployment of their parents. The average military student faces transition challenges more than twice during high school, and most military children will have been enrolled in six to nine different school systems in their lives from kindergarten through twelfth grade. Specific impacts on military children include transfer of records, course sequencing, graduation requirements, exclusion from extracurricular activities, and redundant or missed exit testing.



When a school bond is forfeited as a result of illegal activity by a school district officer or employee reported by a state audit, SB 1951 also requires a school district to forward 10 percent of the amount of a forfeited bond to the State Board of Education for deposit to the School Investigative Audit Revolving Fund.

SB 2037 allows a parent or guardian of multiple birth siblings that attend the same school and grade level to request they be placed in the same classroom or separate classrooms. The measure allows the school to recommend classroom placement and professional education advice to parents or guardians of multiple birth siblings. Furthermore, the bill directs schools to provide the placement requested, unless the district's school board makes a classroom placement determination following the school principal's request. Finally, **HB 2518** states that any transfer granted to a student with disabilities for three consecutive years will become permanent and automatically renew each year.

The Legislature also addressed student remediation in public schools. **SB 1769** provides funding to school districts for remediation of each student scoring at the unsatisfactory or limited knowledge level for each subject-specific test. The goal of remediation is to assist students in achieving a satisfactory level on applicable criterion referenced tests (CRT) or end-of-instruction tests (EOI). A related measure, **HCR 1057**, creates the Task Force on Student Remediation. The purpose of the task force is to study the issues related to student remediation, including the percentage of students who require such courses upon entering higher education institutions and how to reduce the need. Currently, Oklahoma is one of 33 states that focus on the remediation of low performing high school students not meeting specific criteria, requiring districts or schools to do one or more of the following: (1) provide remediation; (2) have a program of remediation in place; or (3) determine a plan for remediation.

Alternative certification for teachers is another issue the Legislature targeted this session. **HB 3124** allows the State Board of Education to issue a two-year nonrenewable license to teachers who have been accepted into the Teach for America Program and who have completed coursework requirements. Teach for America is a national teacher corps mainly consisting of recent college graduates who commit to teach for two years in low-performing urban and rural school districts.

Other issues addressed by the Legislature focused on teachers and other school employees. To help retired teachers and schools supply qualified teachers in areas of the state that may be lacking in recruitment for new hires, **HB 2074** removes the \$30,000 cap on teachers' retirement and allows retired teachers to return to the workforce after a period of three years, leaving re-hiring decisions to the local school board. The bill also expands the definition of a *public school* and a *public school employer* to include a tuition free, nonprofit alternative school of choice that provides education and therapeutic counseling. **HB 2731** establishes the School District Employee Direct Deposit Act which requires all employees to participate in the direct deposit system if adopted by the school district. Finally, **HB 2793** eliminates the requirement that teachers express their deferral elective in writing to the local school board ten days prior to the end of any pay period of the school year. The bill also allows a school district to approve multiple tax annuity vendors as opposed to a single vendor. **HB 2074** and **HB 2793** are also discussed in the Insurance and Retirement section.

One bill, **SB 2100**, modifies numerous provisions in the education code as it relates to public schools, charter schools, and career technology. Provisions of the bill include:

- Modifying the Academic Achievement Award program by clarifying the definition of a *qualified employee*. The measure authorizes awards for certain employees of early

elementary schools which do not contain a grade level tested under the Oklahoma School Testing Program Act. It also limits eligible recipients to only one award, which is the highest award for which the employee qualifies;

- Removing the requirement for school districts that furnish transportation to have all transportation equipment inspected by an official inspector within 30 days prior to the start of the school year. This equipment will continue to be subject to inspection once each year;
- Excluding noncertified employees with responsibility for making employment recommendations from bargaining units;
- Authorizing the State Board of Education to determine that an elementary school district has failed to meet financial or accreditation standards and place the district under full state intervention. Intervention may include developing a corrective action plan, appointing a superintendent, and selecting a federally recognized Indian tribe to provide direct oversight or assume complete control of the district;
- Directing the State Board of Education to distribute certain unexpended funds to robotics projects that meet certain criteria;
- Allowing all charter schools to provide prekindergarten programs;
- Permitting charter schools, previously sponsored by a school district and which continue operation within the school district under a new charter, to retain any personal property purchased with state and local funds for operations; and
- Authorizing the Oklahoma Department of Career and Technology Education to provide new and incumbent board members continuing education workshops and training.

Miscellaneous Common Education

In other matters related to common education:

- **HB 2229** directs the State Board of Education to adopt rules that establish grade-level-appropriate content required to be taught during Celebrate Freedom Week.
- **HB 2935** allows school districts to provide office or business space on school property to a school foundation.
- **SB 924** modifies the procedure for filling vacancies on local boards of education by requiring all positions to be filled by board appointment.
- **SB 1881** extends the expiration date of the School Funding Formula Task Force to November 30, 2008. The measure allows members appointed to the task force as of December 31, 2007, to continue service, subject to the appointing authorities' power to replace an appointed member.

Higher Education and Career Technology

The Legislature focused once again on the rising tuition costs faced by higher education students in Oklahoma. **SB 1038** contains multiple provisions related to higher education and the Oklahoma Higher Learning Access Program (OHLAP). Provisions of the measure include:

- Creating the Task Force on Oklahoma's Promise – the Oklahoma Higher Learning Access Program. The purpose of the task force is to study the family income requirements for participation and maintaining eligibility in the program;
- Modifying eligibility requirements for maintaining the scholarship by requiring the GPA, assessed during the student's sophomore year, to be cumulative up to that point and delaying the effective date of this provision until the 2010-2011 school year;
- Extending the three-year time period during which high school graduates who are members of the Armed Forces and ordered to active duty must enroll to receive the OHLAP benefit for students. The extension covers the time period of active duty;
- Extending the second income verification provision to students beginning the 2010-2011 school year. The provisions include that a student's family's income must be \$50,000 or below upon application and \$100,000 or below upon enrollment; and
- Expanding the criteria for approval of eligible institutions under the Oklahoma Tuition Equalization Grant Act.

HB 2446 addresses the financial need eligibility requirements for OHLAP for any student who was adopted while in permanent custody of the Department of Human Services, in court-ordered custody of a licensed private nonprofit child-placing agency, or a member of a federally recognized Indian tribe. Finally, **HB 3397** modifies the guaranteed tuition law passed last session by providing that it only applies to four-year institutions. The bill also clarifies types of military service that are eligible for extended resident tuition guarantees in the event of military or other national defense emergencies.

The Legislature also focused on various financial arrangements concerning the Oklahoma State Regents for Higher Education (OSRHE) and Oklahoma institutions of higher education. **SB 1795** modifies distribution frequency of net Education Lottery proceeds by requiring the Lottery Commission to transfer the portions of net proceeds allocated for Common Education and Higher Education to the State Treasurer for deposit into the Oklahoma Education Lottery Trust Fund on a monthly basis, as opposed to quarterly. **SB 1398** limits the amount of transactions that the OSRHE may finance in a calendar year through the personal property master lease program to \$50 million dollars, subject to approval by the Legislature. The OSRHE are required to submit an itemized list of proposed projects and the terms of the financing to the Governor and the Legislature within the first seven days of an annual legislative session and prior to the time any such obligations are sold, and the Legislature has 45 calendar days to disapprove all or part of the proposed projects. **HB 2242** authorizes the OSRHE to enter into contracts for the payment of travel expenses (e.g., food, lodging) necessary to host, conduct, sponsor, or participate in conferences, meetings, or training sessions. The OSRHE are authorized to create accounts necessary for the collection and distribution of funds, including funds of sponsors and registration fees, related to conferences, meetings, and training sessions. Finally, **SB 1585** removes the schedule for completing audited financial statements by institutions of higher education. It allows the deadline to remain at 120 days after the close of the fiscal year.

Other issues focus on the administration and governance of higher education institutions. **HB 2297** allows the state's higher education institutions to hire a former member of the governing board of regents, provided a period of at least six months has passed since the member's term on the board ended or the member resigned from the board. **HB 2462** transfers

Education

ownership of the Quartz Mountain properties from the Oklahoma Tourism and Recreation Department to the Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature Park. The Board of Trustees will work with a consortium of three higher education institutions – Western Oklahoma State College, Cameron University, and Southwestern Oklahoma State University – to provide courses and programs of study to be offered by the institutions at the center. **HB 2882** creates the Board of Trustees for Langston University-Oklahoma City and Langston University-Tulsa. Finally, **SB 1442** changes the name of the state educational agency of OSU located in Okmulgee to the Oklahoma State University Institute of Technology-Okmulgee.

Miscellaneous Higher Education

In other measures related to higher education:

- **HB 1546** provides that if funds are available from appropriations to the State Department of Rehabilitation Services for the fiscal year ending June 30, 2009, funds will be used for the operations of the Oklahoma School for the Deaf regional service center located on the main campus of the University of Science and Arts of Oklahoma.
- **SB 1390** exempts an Oklahoma College Saving Plan account from being considered in determining eligibility for public assistance, provided that the federal rules for these programs permit such an exemption.
- **SB 2071** requests the Regional University System of Oklahoma to establish a comprehensive autism training program at the University of Central Oklahoma.

Arts and Culture

Artist cooperatives serve as a support system and networking tool as well as a mechanism for advancing visual and performing arts through education, exhibitions, and workshops. **HB 3198** creates the Task Force on Creative Artist Guilds, which will study approaches to organizing, establishing, and supporting a cooperative structure for artists.

In order to make arts education available to all children, **HB 2699** expands the eligibility of incentive grants to include organizations that provide visual arts programming to schools. Prior to HB 2699, only school districts were eligible. Money appropriated by the Legislature for the incentive grant program can be matched with other funding secured by the Oklahoma Arts Council.

Energy and Utilities

Energy

The sustainability of Oklahoma's energy resources and the promotion of the oil and gas industry were addressed by the Legislature during the 2008 session in order to maintain Oklahoma's status as a national leader in the fields of energy production and innovation.

The Legislature enacted two measures that focus on Oklahoma's energy future. **SB 1475** creates a new entity, the Sustaining Oklahoma's Energy Resources Board, to direct state and private funding to technological research and development endeavors relating to the oil and gas industry. The board's overall objective is to encourage and perpetuate new technologies that will assist in maximizing and sustaining the oil and gas industry. The Legislature created the Oklahoma Geologic Storage of Carbon Dioxide Task Force with the enactment of **SB 1765**. The task force is charged with the responsibility of studying the geologic storage of carbon dioxide and its potential withdrawal for commercial, industrial, and other uses and preparing a report containing legislative recommendations by December 1, 2008.

The Legislature enacted two measures providing tax incentives relating to the state's oil and gas industry. **SB 1658**, also known as the deep-well incentive bill, extends gross production tax exemptions allowed for the completion of economically risky wells drilled to 15,000 feet or more. The provided exemptions are tiered, depending on depth, and contain various expiration dates. The measure is also discussed in the Revenue and Taxation section. **SB 1558** provides a one-year extension to a one-time credit against the income tax for individuals purchasing qualified clean-burning vehicles that operate on compressed natural gas, liquefied natural gas, and methanol. Equipment used to convert traditional motor vehicles to clean-burning vehicles is also covered under the credit.

In an effort to reduce the growing number of oil field equipment thefts, the Legislature enacted **HB 3003**. The bill requires that the Council on Law Enforcement Education and Training (CLEET) include a minimum of four hours of oil field equipment theft training in its courses. In addition, the legislation provides that the Oklahoma State Bureau of Investigation and other law enforcement entities may stop vehicles transporting oil field equipment for the purpose of inspecting the cargo to ensure that the vehicle is not transporting stolen oil field equipment.

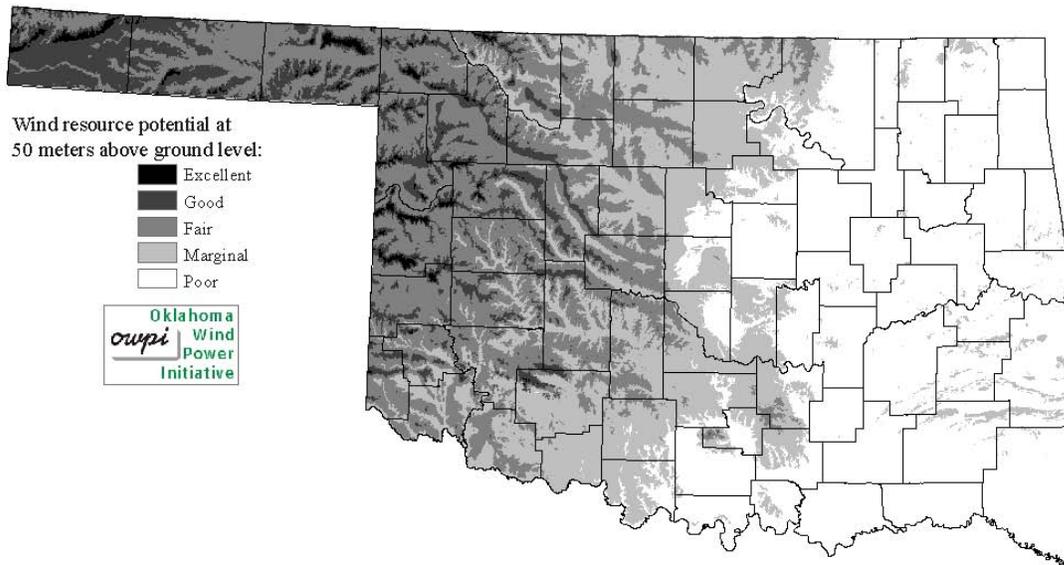
Finally, two bills relating to the regulation of underground storage tanks were enacted this year. **HB 3303** enables the Corporation Commission promulgated rules governing aboveground storage tanks to be amended to allow underground storage tanks to be used above ground, provided that the tanks are used with secondary containment and were installed prior to July 1, 2007. **SB 1423** amends the Oklahoma Storage Tank Regulation Act by adding gasoline, kerosene, biofuel, biodiesel, E-8, and used oil to the definition of *petroleum* under the act, while removing jet fuel, distillate fuel oils, and lubricants from the definition. In addition, the bill

provides that the Corporation Commission may implement and coordinate the Underground Storage Tank Operator Training Act.

Utilities

The Legislature took action on several measures of significance to Oklahoma’s utility industry. **HB 2813** provides that reasonable costs incurred by an electric utility for transmission upgrades needed for the development of wind generation are to be recoverable through a periodic adjustment in rates, provided that the Southwest Power Pool approves these upgrades. The bill enables a utility to construct a transmission line connecting the rural areas in western Oklahoma, where most wind energy is generated, to major metropolitan areas where there is a demand for wind energy. The measure will assist in the development of the vast wind energy resources located in the western portions of the state. The map further illustrates the various levels of wind resource potential across the state.

**HB 2813
Wind Resource Potential**



SB 1757 provides that electric utilities subject to Corporation Commission regulation can file an application with the commission seeking approval of a utility company’s plan to make expenditures for needed equipment and facilities to comply with federal law ranging from the Clean Air Act to the Endangered Species Act. The legislation also provides that an electric utility subject to commission rate regulation may seek approval to enter into a long-term contract for purchased power and capacity. **HB 1739** addresses the division of electric service territories among electric service providers in an attempt to avoid a duplication of services and equipment needed for the transmission of electricity.

Miscellaneous Energy and Utilities

In other measures related to energy and utilities:

- **SB 1554** provides that price increases for petroleum commodities be exempt from the price increase regulations imposed following a declared state or national emergency so long as the increases are attributable to fluctuations in regional, national, or international petroleum commodity markets.
- **SB 1587** allows the Corporation Commission to transfer excess funds generated from conference fees to the Corporation Commission Revolving Fund, provided that 10 percent remain in a fund for future conferences.
- **SB 1699** authorizes the Corporation Commission to promulgate rules enabling the state to participate in the Unified Carrier Registration System for brokers, forwarders, and leasing companies.

Environment and Natural Resources

The Legislature passed several measures relating to various aspects of the environment and Oklahoma's natural resources. Issues include recycling, water resources, and air quality.

The three R's—reduce, reuse, recycle—have long been tenets of the conservation movement. Two measures were enacted to address the issue of recycling. **SB 498** establishes a state goal to recycle at least 10 percent of the solid waste stream by December 31, 2011. **SB 1631** creates a program that will ensure adequate communication among consumers, manufacturers, and retailers regarding proper disposal of computers. The measure also requires computer hardware manufacturers to adopt and implement a recovery plan that will provide for the collection of the hardware and a process for the hardware to be repaired, donated, refurbished, or recycled. Targeting desktop and laptop computers as well as computer monitors, possible collection methods include:

- A mail-back system that allows consumers to return end-of-life covered devices by mail, free of charge;
- A physically staffed collection site that is geographically central to the consumers served; and
- Collection events held by manufacturers.

Finally, under the measure, manufacturers must submit a declaration to the state guaranteeing that their recovery program will not dispose of any collected electronics in landfills.

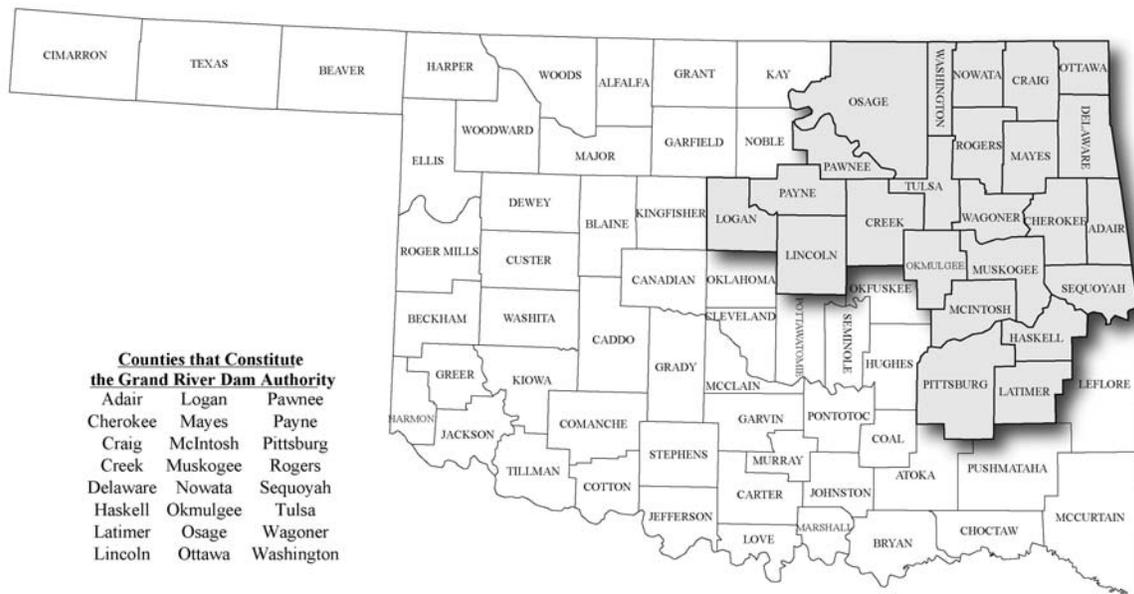
Water quality and water resources continue to be a focus of the Legislature. **SB 1410** directs the Oklahoma Water Resources Board to establish a technical work group as part of the development of the Oklahoma Comprehensive Water Plan. The work group will recommend demonstration projects and criteria to prioritize projects designed to recharge various types of aquifers in Oklahoma. Another measure, **SB 1627**, also addresses the Comprehensive Water Plan, which is scheduled to be completed by 2011. The measure directs the Oklahoma Water Resources Board, in the development of the update to the Water Plan, to establish a marginal-quality water technical work group consisting of representatives from state entities and stakeholder groups. The group will identify, study, and recommend ways to maximize the beneficial use of marginal-quality water. Finally, **HJR 1105** directs the Oklahoma Water Resources Board to limit stream water and groundwater permit application fees to \$3,000. The measure provides specific fee information for each incremental range of acre feet.

In regard to air quality, the Legislature passed **SB 1451**, directing the Department of Environmental Quality to award grants for activities and projects designed to reduce regional air pollution. These efforts are intended to reduce the potential that the federal government will designate some or all of the state as in nonattainment status for air quality standards, which may result in additional burdensome regulations and threaten the state's thriving economy. The bill also allows the department to use various funds to pay annual fees due to the Central Interstate Low-Level Radioactive Waste Compact Commission. Finally, the measure requires motor fuel

pumps to be prominently labeled if they contain a minimum 1 percent by volume of ethanol or methanol by July 1, 2008.

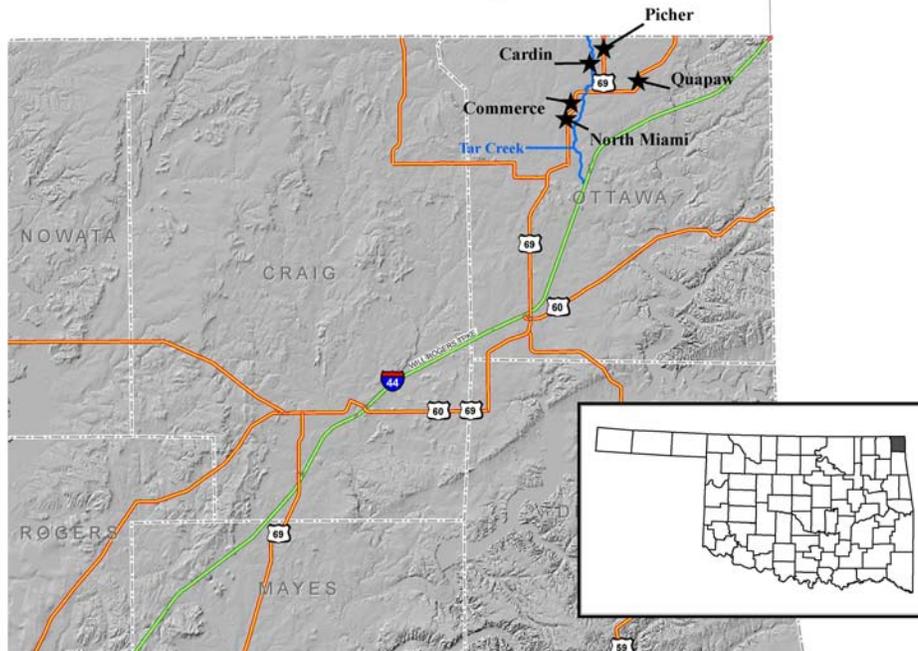
Improving efficiencies in environmental legislation, **SB 746** directs the board of directors of the Grand River Dam Authority (GRDA) to hire a director of investments to monitor current and existing investment strategies, among other duties. In addition, the measure authorizes the GRDA to sell real and personal property used for an electrical substation, transformer station, switch station, or similar purpose to a rural electric cooperative corporation that has an ownership interest in an electricity generating station in which GRDA also has an ownership interest. In response to a 2007 Attorney General opinion which dealt with the way funds are raised to operate levy systems, the measure authorizes drainage districts to impose an assessment on real or personal property. The map below shows which counties constitute the GRDA.

**SB 746
Grand River Dam Authority**



SB 1190 amends the Lead Impacted Communities Relocation Assistance Act, which assists communities located in the Tar Creek Superfund Site. If an application for relocation assistance is made by one of multiple owners or lessees, the sum of all payments for acquisition must not exceed the amount that would have been paid had the property belonged to a single owner. In response to the damage caused by the tornado that ravaged Picher, Oklahoma, the Legislature included language to ensure that residents eligible to receive assistance prior to May 10, 2008, the date the tornado hit, will remain eligible to receive the same amount of assistance adjusted for any private insurance payments for storm-related damage. Assessments will be based on the value of the property between January 31, 2006, and May 10, 2008. The map on the following page indicates the area of the state where residents will be affected by the Lead Impacted Communities Relocation Assistance Act.

**SB 1190
Tar Creek Superfund Site**



High-performance buildings are “smart” buildings designed for functionality while making the most efficient use of materials, light, water, and HVAC systems. **HB 3394** brings these concepts to state facilities. Beginning July 2009, construction of new state facilities, plus substantial renovations, will be subject to certification by the United States Green Building Council Leadership in Energy and Environmental Design ratings system or the Green Building Initiative Green Globes rating system. The measure exempts buildings that only house documents or buildings smaller than 5,000 square feet. A state facility may also be exempted from the high-performance certification standards upon determination by the Department of Central Services that extenuating circumstances exist that preclude compliance.

Miscellaneous Environment and Natural Resources

In other matters related to environment and natural resources:

- **SB 706** authorizes municipalities to limit the consideration of proof of compliance requests relating to mining executed within municipalities.
- **SB 1697** creates a Limited Use Permit for mining operations not eligible for a surface mining permit.
- **HB 2492** raises the threshold from \$7,000 to \$25,000 for the amount necessitating a master conservancy district to advertise for work to be done by contract.
- **HB 3135** modifies the Well Drillers and Pump Installers Remedial Action Indemnity Fund. The measure increases the maximum dollar amount to be spent on each well,

Environment and Natural Resources

borehole or pump from \$5,000 to \$15,000, as well as the maximum dollar amount the Oklahoma Water Resources Board may impose as an administrative fee from \$500 to \$5,000. The bill also creates the Oklahoma Water Conservation Grant Program Act. When funding is available, the Oklahoma Water Resources Board will solicit proposals and make grants for pilot programs that will implement water conservation projects or plans in communities across the state.

- **SB 1381** authorizes the Scenic Rivers Commission to increase the annual use fee from \$5 to \$35 for a commercially owned and operated flotation device. Individuals will no longer be charged the \$1 per person user fee.

General Government

General Government

Energy efficiency and fiscal responsibility were the focus of legislation in the general government arena. **HB 3394** requires the Department of Central Services to adopt a high-performance certification program for public building design, construction, and renovation standards which meets the standards of the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) Rating System. A public building may be exempted from complying with the LEED standard upon a determination by the Department of Central Services that extenuating circumstances exist that would preclude compliance. **SB 1618** provides that in the event a state agency receives appropriated or other funds to be applied to a bond finance project, the agency may pay the funds to the Oklahoma Capitol Improvement Authority (OCIA) in advance of the bond issue. The bill also requires state agencies whose facilities are to be financed by OCIA to obtain pre-design services and consultation from the Department of Central Services Construction and Properties Division.

Two measures impacting motor vehicle dealers were also enacted. Vehicle consignment auctions are exempted by **HB 3162** from the requirements placed upon salvage pools and salvage disposal sales if the consignment auction is conducted by a used motor vehicle dealer selling salvaged, damaged, wrecked, or repairable vehicles so long as these types of sales are not the primary part of the dealer's business. The second measure, **SB 1654**, modifies the definition of *new motor vehicle dealer* by removing references to *unused or remanufactured* motor vehicles and deletes the requirement that a dealer must obtain a permit from the Used Motor Vehicle and Parts Commission for an off-premise event. The bill also removes the requirement that a temporary license plate be placed on the bumper of a motor vehicle if the vehicle is a cab and chassis truck.

HB 3325 makes several changes to the Oklahoma Central Purchasing Act. The bill directs the Office of State Finance and the State Treasurer to develop an electronic payment mechanism to settle accounts payable invoices and to make payment for products or services acquired under the Central Purchasing Act. The measure allows state agencies to utilize the state purchase card for purchases from statewide contracts issued by the State Purchasing Director and for regulated utilities. This will allow the immediate processing of payment which currently takes five to seven days to process. The Department of Central Services estimates that each transaction made with a purchase card saves the state a minimum of \$18 in labor and supplies. Use of the purchasing card based on the last available data saved the state approximately \$900,000.

SB 2046 modifies the Oklahoma Whistleblower Act by requiring any appeal to the Oklahoma Merit Protection Commission to identify the person on whose behalf the appeal is made. The person making the appeal must provide the Oklahoma Merit Protection Commission with the name, address, and telephone number of the person on whose behalf the appeal is made. The Oklahoma Merit Protection Commission personnel must verify the authorization of the appeal. The person claiming to be aggrieved has the responsibility to cooperate with the commission in

the investigation. The failure to cooperate in the investigation is grounds for dismissal of the appeal filed on behalf of the aggrieved party.

Miscellaneous General Government:

In other measures related to general government:

- **HB 3275** removes the District Attorneys Council from the oversight of the Office of the Attorney General. The measure also authorizes any attorney employed by the District Attorneys Council to appear and assist a district attorney in prosecution or investigation of crimes.
- **SB 41** allows a charitable organization to obtain a charitable beer event license for fundraising events.
- **SB 1389** authorizes the Tax Commission to issue an unrecovered theft title instead of the current salvage title to an insurance company that paid a total loss on an unrecovered stolen vehicle.
- **SB 1453** adds metal beer kegs that are marked as being property of a beer manufacturer to the list of items that salvage or junk dealers are prohibited from purchasing without a bill of sale or receipt.
- **SB 1830** is the annual duplicate sections bill enacted to prevent duplications in the statutes.

County and Municipal Government

The Legislature enacted two bills which strive to keep municipalities across the state desirable places to live and work. **SB 1662** requires municipalities to permit landowners of agricultural land located within the city or town boundaries to burn debris originating on the property following a flood or other natural disaster. The bill also allows municipalities to specify the types of materials suitable for burning and the appropriate locations for the burning to occur. **HB 2674** requires that municipal employees assigned to enforce ordinances relating to the cleaning and mowing of properties and the condemnation and removal of dilapidated buildings located within a municipality complete certification training within one year of their enforcement assignment.

In other legislation related to municipal government:

- **HB 2557** requires persons appointed for the first time as a municipal officer to attend an institute for municipal officials within one year of taking the oath of office.
- **HB 2715** increases the amount of fines, fees, and costs associated with municipal courts that municipalities may collect against individuals appearing in these courts. The measure is an attempt to provide fiscal relief to struggling municipalities.

- **SB 1406** allows municipalities with a population of less than 5,000 to employ city managers on a part-time basis. The bill also permits qualifying municipalities to obtain funding through a financial assistance program to be developed by the Department of Commerce.
- **SB 1696** creates the Oklahoma Conservation Commission Municipal Infrastructure Cost-Share Program. The purpose of the program is to provide funding assistance to communities and rural water districts to implement conservation and best management practices on eligible land.

The Legislature enacted several measures this session related to county government and special districts. **SB 1816** enables a board of county commissioners, upon a majority vote, to pass a resolution declaring a period of extreme fire danger. Any violation of a burn ban resolution is punishable by a fine of up to \$500. A gubernatorial burn ban proclamation, however, supersedes any burn ban implemented by a board of county commissioners and carries a fine of \$1,000. **SB 1770** allows a county treasurer to advertise and sell real property that has had a delinquent tax lien filed against it for more than three years since taxes on the property first became due. Likewise, **HB 2566** authorizes boards of county commissioners to sell real property belonging to the county, provided that the property is appraised by a certified appraiser and that the sale is advertised in local newspaper publications. In addition, a successful bid is required to be no less than the appraised market value of the property. **HB 1453** creates the Task Force on Digitizing the County Records of Oklahoma. The task force, which is comprised of county clerks and various representatives of state industries, is charged with the responsibility of examining the feasibility and costs associated with electronically archiving and retrieving county records. Finally, **HB 2675** requires an audit to be conducted on the board of directors of a fire protection district receiving revenues in excess of \$250,000.

Government Modernization

A number of important bills passed by the Legislature relate to government reform and ethics. **HB 2250** modifies the voluntary disclosure requirement by public bodies that provide utility services under the Oklahoma Open Records Act. The measure requires that the name of each customer of a public utility remain confidential and expands what information must be accessible to the public, including consumption rates, adjustments to the utility bill, reasons for adjustment, and the name of the person that authorized the adjustment. **HB 2969** requires state agencies and political subdivisions to purchase U.S. flags and Oklahoma state flags manufactured only in the United States. **SB 1547** authorizes the court clerk, instead of the judge, to issue marriage licenses. **HB 3132** extends the term of the Electronic and Information Technology Accessibility Advisory Council until July 1, 2010.

As society moves further away from information being stored on paper to the electronic storage of data, the issue of how to properly destroy such data without breaching confidentiality creates a new set of challenges. **SB 81** authorizes the Information Services Division of the Office of State Finance to develop policy and procedures for the destruction of all electronic storage media to ensure confidentiality. Once policies and procedures are developed, it falls upon the Office of State Finance to notify all agencies, boards, commissions, and other state entities of this new protocol. The bill also directs the Department of Central Services to remove all electronic

General Government

storage media from all surplus information technology and telecommunication equipment before it is sold, donated, stored, or destroyed.

Acceptance and use of electronic signatures for state and local entities has become more widespread since first being authorized in 2000. **HB 2819** permits local law enforcement officers to use electronic signatures for tickets and citations issued for municipal ordinance violations.

Ethics reform has been a subject of much debate in Oklahoma for the past several legislative sessions. Numerous proposals have been offered to restore the public's confidence in the political process. This year a major step was taken to restrict lobbyists' contributions to candidates for the Legislature with **HB 2196**. The bill prohibits legislators from soliciting or receiving contributions from lobbyists starting the first day of the legislative session and until five days after session. Candidates for the Legislature face the same prohibitions as legislators. In addition, lobbyists are prevented from soliciting or agreeing to solicit funds for legislators or legislative candidates during the same time period.

Agency Review

Several entities and functions of Oklahoma government were scheduled to terminate on July 1, 2008, under the sunset provisions of the Oklahoma statutes. The Legislature re-created seven entities for another four years. Under the Oklahoma sunset review process, these entities and functions were reviewed by the Government Modernization, Agency Review, and Administrative Rules subcommittee in the House. Generally, a sunset law is a law that automatically terminates a state regulatory agency, board, or function of government on a certain date. The Legislature must act to continue the entity or function by passing a bill. Sunset laws cause Legislatures to periodically review the need for state regulation or for advisory committees and to update the law creating the entity or function. These reviews seek to balance the need for regulation to protect the public interest with the need to ensure state agencies, industry and the professions, and functions of government are not over-regulated. The following table summarizes the sunset review process this session.

Sunset Review, 2008 Legislative Session

Bill #	Sunset Entity	Sunset Date
HB 2202	State Board of Examiners of Perfusionists	July 1, 2012
HB 2203	Emergency Response Systems Development Authority	July 1, 2012
HB 2204	State Committee of Plumbing Examiners	July 1, 2012
HB 2205	Oklahoma Educational Television Authority	July 1, 2012
HB 2206	Waterworks and Wastewater Works Advisory Council	July 1, 2012
HB 2208	Board of Examiners of Certified Shorthand Reporters	July 1, 2012
HB 2209	Public Employees Relations Board	July 1, 2012

Administrative Rules

One of the many responsibilities the Legislature is charged with is to review proposed agency rules submitted during the legislative session. Through a joint resolution or a concurrent resolution, the Legislature has the power to approve or disapprove any promulgated administrative rule. This session, the Legislature passed two joint resolutions. **HJR 1107** disapproves permanent rules of the Oklahoma Used Motor Vehicles and Parts Commission. **HJR 1108** approves permanent rules of the Oklahoma State Board of Career and Technology Education.

International, Federal, and Tribal Relations

One issue was addressed in the area of international, federal, and tribal relations. **SB 1546** authorizes the Muscogee (Creek) Nation to assume management and control of the Muscogee Nation Housing Authority, currently a state agency operating in behalf of the nation, and to consolidate it with a tribal housing authority that has operated with the support of federal funds. Also, the measure provides that an Indian housing authority may elect to set a different monetary amount for per diem and mileage payments than specified for the commissioners of that Indian housing authority.

Health and Human Services

Health Care

In an effort to further reduce the number of uninsured Oklahomans, the Legislature took action on two measures to expand eligibility for the state's premium assistance program, Insure Oklahoma. The first measure, **HB 2713**, directs the Oklahoma Health Care Authority (OHCA) to seek an amendment to the existing federal waiver under which the program operates that would allow otherwise qualified foster parents working for an employer with more than 250 employees to participate in the program if supported by existing funding. The bill also authorizes the OHCA to contract with a pay-for-performance program provider that offers financial incentives to the health care provider and the patient for incorporating evidence-based medicine guidelines into the practice and utilization of health care. The OHCA is further directed to undertake a feasibility study of allowing individuals greater choices in their health care coverage, including opting out of the current Medicaid program and purchasing healthcare coverage through an employer-sponsored plan. Another measure, **SB 1404**, directs the OHCA to seek an amendment to the waiver to expand the premium assistance program to include not-for-profit employers with 500 employees or less as supported by existing funding.

SB 1420 creates a standard process for authorizing the exchange of health information in compliance with state and federal law. Provisions of the bill include:

- Directing the State Board of Health to adopt and distribute a standard authorization form for use in obtaining authorization for the exchange of health information;
- Requiring that a health care entity accept the authorization form adopted by the Board of Health as valid authorization for the exchange of health information, but does not require a health care entity to use the form; and
- Providing immunity from liability for exchanges of health information under the authorization form when it is used in accordance with board's instructions.

The measure also requires, if funding is available, the Oklahoma State Department of Health (OSDH) to create a statewide coordinated system of care for stroke victims, including timely access to care and advanced treatment. Finally, the bill authorizes the owner of a nursing facility, assisted living center, independent living facility, and other facilities offering similar services to use proceeds from fees paid to the facility for business expenses, unless otherwise prohibited.

SB 1708 creates the Oklahoma Uniform Anatomical Gift Act to replace the existing Anatomical Gift Act. The landscape of organ donation and transplantation has evolved since donor registries first became prominent, making it necessary to update Oklahoma's law to make it consistent with other states. Some provisions of the measure include:

- Providing the process by which an anatomical gift can be made, amended, or revoked;

- Providing a process for refusing to make an anatomical gift and the means to amend or revoke the refusal;
- Providing that the parent of a deceased donor who is an unemancipated minor may revoke or amend an anatomical gift and that a parent of a deceased unemancipated minor who signed a refusal may revoke the refusal;
- Requiring hospitals to enter into agreements with procurement organizations for coordination of procurement and use of anatomical gifts; and
- Establishing an organ, eye, and tissue donor registry with the OSDH for the purpose of maintaining information on individuals who have indicated a willingness to be a donor.

Finally, **SB 1918** updates statutory provisions regarding the duties of a person who has active or suspected active tuberculosis disease, authorizes the Commissioner of Health to require isolation of a person with active tuberculosis disease, and provides that a local health officer may issue an isolation order if it is suspected or determined that a person has a communicable disease of public health concern.

The measure also takes an important step toward helping rescue struggling emergency medical services around the state by establishing the Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund. The measure further directs the OSDH to use the fund to conduct assessment activities, to stabilize or reorganize at-risk emergency medical services, to develop regional emergency medical services, and to meet training and capital and equipment needs. Beginning July 1, 2008, any revenue up to the maximum percentage provided for in statute generated from the tax on cigarettes and tobacco that exceeds the amount credited to the Trauma Care Assistance Revolving Fund for the same month of the 2008 fiscal year will be deposited into the Emergency Response Systems Stabilization and Improvement Revolving Fund until the amount credited to this fund is \$2.5 million.

Elderly and Long-Term Care

The Legislature took action on a number of measures to help ensure that seniors live safely and as independently as possible. In response to alarming reports of convicted sex offenders living in nursing homes around the state, **HB 2704** was enacted. The measure directs the State Department of Health to initiate a request for proposal for the operation of a stand-alone long-term care facility for sex offenders that would provide heightened security for residents of the facility in order to protect the public and other residents. **SB 2047** prohibits an entity from constructing or undertaking a major alteration of an assisted living facility, and certain other structures, without first obtaining a building permit from the appropriate jurisdiction. The bill requires assisted living facilities built after November 1, 2008, to meet certain building codes if they house residents who are not capable of responding to emergency situations without assistance. The measure further authorizes existing facilities to house residents who need assistance from staff to respond to emergency situations, or who are not capable of self-preservation, provided the facility discloses those facts as part of the licensure renewal process and the facility installs fire sprinklers and an alarm system. **HB 2539** requires that a plan of accommodation for a resident of an assisted living facility be in accordance with current building codes, rules of the State Fire Marshal, and requirements of the local fire jurisdiction. **HB 2641** provides that the Home Health Advisory Board have input into rules regulating companion and sitter services adopted by the State Board of Health and clarifies that a licensed home care

agency that meets the requirements to provide companion or sitter services may do so in addition to home care services under its existing license. Finally, **HB 1903** requires nursing facility personnel to notify clergy of the faith of a patient whose death is imminent, when practical, and prohibits the use of this requirement for any purpose related to the inspection or investigation of the facility.

Health-Related Professions

Several measures which deal with health-related professions and occupations were enacted into law. Four bills address various issues related to health profession licensure and certification. **HB 1647** provides for the licensure of radiologist assistants by the State Board of Medical Licensure and Supervision. **HB 2732** increases the penalties for individuals who practice dentistry, dental hygiene, allopathic or osteopathic medicine, veterinary medicine, or who practice as a veterinary technician, technologist, nurse, or assistant without being appropriately licensed or certified. The measure also defines *medical battery*, classifying the crime as a felony, and authorizes a district attorney to file a charge of medical battery for each person who is injured as a result of treatment performed by an individual who is not licensed and authorized to provide such treatment. **HB 2763** authorizes the Board of Podiatric Medical Examiners to issue a temporary license to an applicant for licensure under certain conditions. The bill also authorizes approved employees of a city-county health department to purchase materials, supplies, or services necessary for travel out of the county in which the department is located by using credit cards issued by the department. Finally, **SB 2074** authorizes licensed and certified alcohol and drug counselors to provide counseling services for co-occurring disorders and gives the Oklahoma Board of Licensed Alcohol and Drug Counselors the authority to issue certification to provide treatment for co-occurring disorders.

In other matters associated with health related professions, **HB 2760** authorizes physician's assistants to refer patients to physical therapists. **HB 2490**, the Pharmacy Audit Integrity Act, establishes minimum and uniform standards for the auditing of pharmacy records by, or on behalf of, certain entities. Provisions of the bill include:

- Outlining the requirements and standards for the performance of audits and requiring the entity that conducts the audit to provide the pharmacy with a written report and allow time for a response from the pharmacy;
- Requiring the establishment of an appeals process under which a pharmacy may appeal an unfavorable preliminary audit report; and
- Prohibiting the use of extrapolation audits in calculating recoupments or penalties.

Mental Health

Several measures were enacted this session to address various issues related to mental health. **SB 2076** adds physician's assistants who have received certain training to the list of persons considered licensed mental health professionals and allows a member of the Board of Mental Health and Substance Abuse Services to serve simultaneously as a member of the State Board of Medical Licensure and Supervision. Other provisions of the bill include:

- Outlining duties and responsibilities of the Commissioner of the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS);
- Lowering the fee charged to persons undergoing an alcohol and drug assessment and evaluation by \$15 and requiring that a \$15 fee be paid to the Department of Public Safety by that person upon reinstatement of driving privileges. Directing that 90 percent of that fee be deposited into the Community-Based Substance Abuse Revolving Fund to be used by ODMHSAS;
- Deleting the prohibition that persons in detention or lockup cannot be admitted for inpatient mental health treatment; and
- Providing for the use of telemedicine in emergency detention and protective custody procedures.

HB 2765 establishes a Forensic Review Board for the purpose of determining which individuals confined with ODMHSAS are eligible for therapeutic visits, conditional release, or discharge and authorizes the board to make recommendations to the court in which the individual was found not guilty by reason of insanity. **SB 1422** directs ODMHSAS to implement a mental health first aid pilot program, if funding is available, for the purpose of training non-mental health professionals to support an individual in a mental health crisis situation until professional help is available. Finally, **SB 1759** authorizes the ODMHSAS to enter into a contract for professional services with a physician who has separated or retired from state service.

Miscellaneous Health

In other measures relating to health:

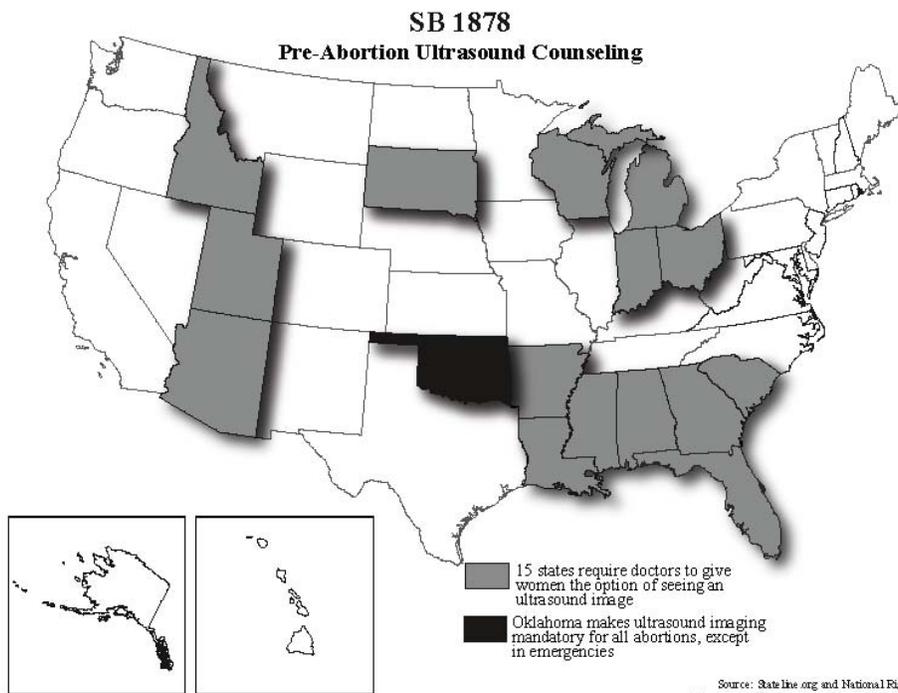
- **HB 1460** makes oral and written communications of a participant or counselor in a peer support counseling session conducted by a law enforcement agency or by an emergency services provider confidential and prohibits disclosure of the communication.
- **HB 2239** directs the board of education of each school district to adopt a policy that permits the self-administration of anaphylaxis medication by a student.
- **HB 2693** requires the Oklahoma State Department of Health (OSDH) to assess a \$10 fee on each application for an emergency medical technician (EMT) license to be deposited into the Emergency Medical Technician Death Benefit Revolving Fund. The funds will be used to pay a \$5,000 death benefit in the event an EMT dies in the line of duty.
- **HB 2705** requires prenatal classes to include information regarding the risks of drug or alcohol use during pregnancy; information to assist new parents in preventing underage drinking; and information on screening, intervention, and referral for treatment of substance dependency.
- **HB 2758** adds an oral or maxillofacial surgeon to the membership of the Oklahoma Trauma Systems Improvement and Development Advisory Council.
- **HB 2941** authorizes the Director of the Cerebral Palsy Commission to hire personnel and removes from the commission the duty to set compensation levels of employees.

- **HB 2995** requires the State Registrar of Vital Statistics to establish a “certificate of birth resulting in stillbirth” to be offered to the parents of a stillborn child.
- **HB 3060** requires, contingent upon available funding, the Oklahoma State Department of Health (OSDH), in collaboration with a private blood donor or private blood bank organization, to establish and maintain a public umbilical cord blood bank for the purpose of collecting and storing umbilical cord blood and placenta tissue donated by maternity patients. The measure also requires that an educational program be developed for maternity patients regarding cord blood banking and the potential medical uses of stored umbilical cord blood and requires physicians to inform maternity patients about the opportunity to donate to the public umbilical cord blood bank.
- **HB 3126** authorizes research on human tissue regeneration and human disease using only adult stem cells, stem cells obtained from umbilical cord blood or amniotic fluid, and embryonic stem cell lines created prior to August 1, 2001. In addition, the measure prohibits restricting public funding for or creating disincentives to conducting stem cell research in accordance with the provisions of the bill.
- **HB 3143** creates the Compassionate Care Task Force for the purpose of making recommendations regarding the role of charitable, voluntary, and faith-based organizations in caring for the uninsured and improving access to health care.
- **SB 47** prohibits the required implantation of a microchip or other permanent mark upon an individual and provides penalties for violation.
- **SB 1595** provides that the staff of the Office of Accountability Systems within the OSDH and independent contractors performing investigative services for the office be directly supervised by the director of the office.
- **SB 1612** directs the OSDH to create an Oklahoma Quality Afterschool Opportunities Initiative to Reduce Childhood Obesity and Improve Academic Performance and provides for grants to be awarded to community-based afterschool programs that include evidence-based obesity reduction components.
- **SB 1719** creates the Oklahoma Health Information and Privacy Collaboration Advisory Board for the purpose of advising and overseeing the Oklahoma Health Information and Privacy Collaboration.
- **SB 1853** expands the definition of an *ambulatory surgical center* to include an establishment with an organized medical staff of dentists.
- **SB 2000** changes the name of the Youth Suicide Prevention Council to the Oklahoma Suicide Prevention Council and modifies its purpose to include preventing suicide among all age groups.

- **SJR 41** directs the State Board of Health to prepare a health improvement plan for Oklahoma. The plan will describe what the public health system can do to improve the physical, social, and mental well-being of Oklahomans.

Abortion

SB 1878 creates the Freedom of Conscience Act. The measure forbids an employer from discriminating against an employee who refuses to participate in procedures that are at odds with the employee's religious beliefs. These procedures include abortion, embryonic stem cell research, and assisted suicide, but do not include prescribing birth control. Employers also may not discriminate against hiring someone who refuses or intends to refuse to participate in any of these procedures. The measure also prohibits anyone other than a physician from giving RU-486 to induce an abortion, requires an obstetric ultrasound to be performed prior to any abortion, and requires physicians performing abortions on a minor to inform the minor that no one can force her to have an abortion without her consent. SB 1878 was vetoed by the Governor, but the House and Senate overrode the veto. As indicated by the map below, Oklahoma becomes the first state in the country to require ultrasound imaging for all abortions, except in emergency cases.



SB 2001 clarifies that the requirement for an ultrasound to be performed on a woman prior to an abortion does not apply if a medical emergency exists.

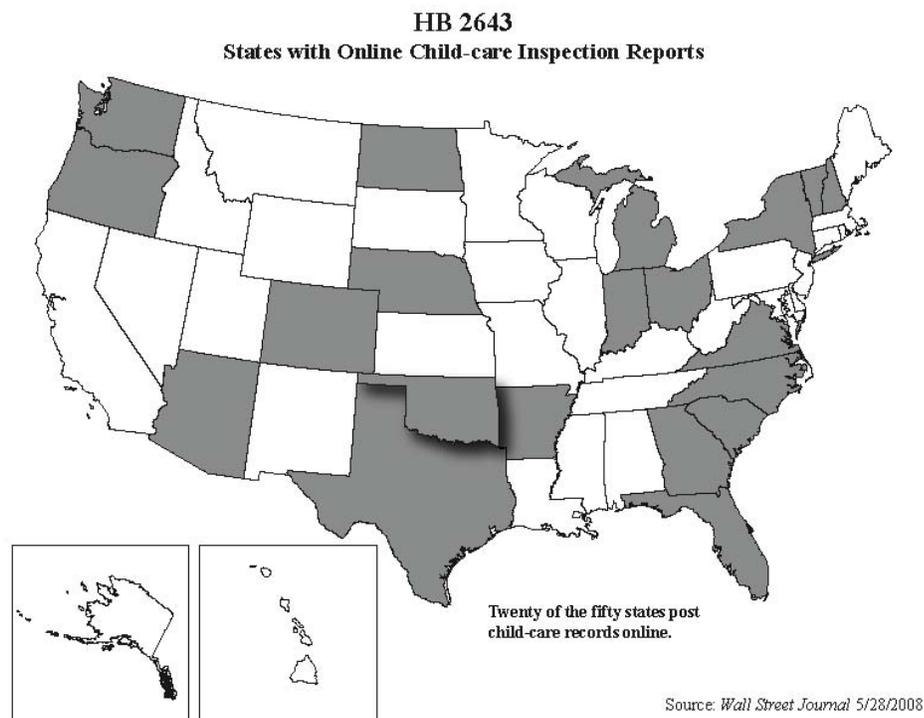
Children and Families

The Legislature enacted two measures in response to tragic events that occurred last year at two child care facilities. **HB 2643** was passed in response to the death of a child due to abuse by the owner of a child care home. To assist parents in selecting a facility for their child, the measure

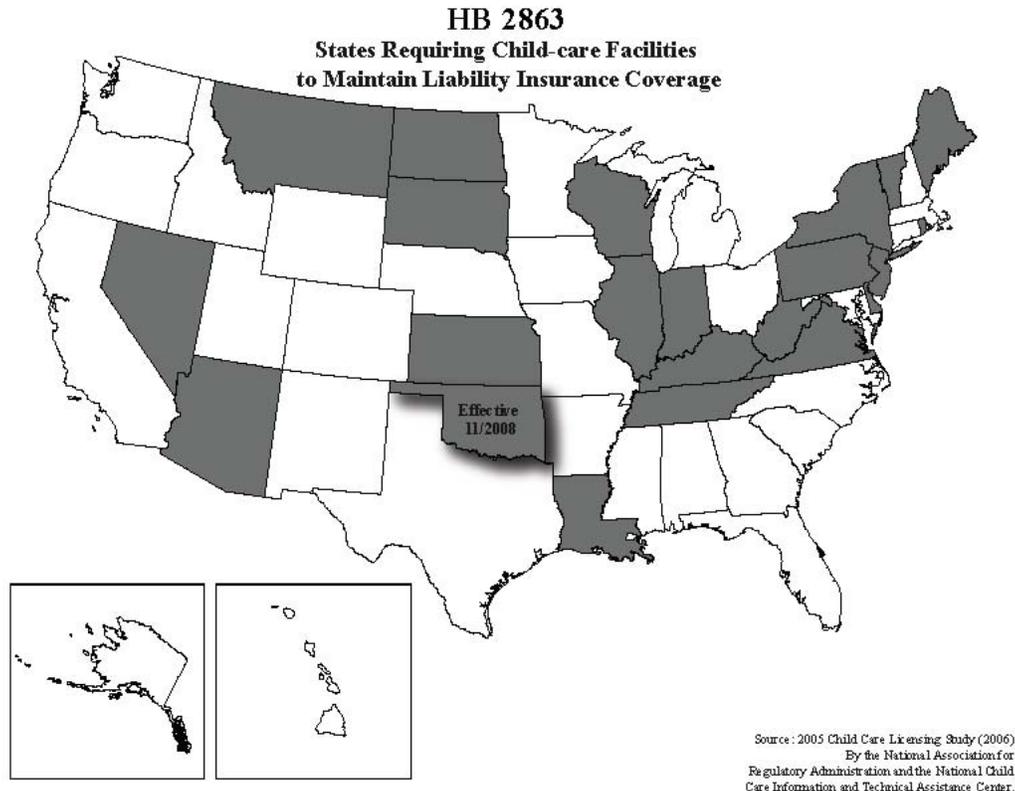
requires the Department of Human Services (DHS) to establish an online database that contains the name and location of all child care facilities in the state and a summary of substantiated complaint records and inspection reports completed by the department. The bill also directs DHS to establish a child care worker registry accessible to the public through an online database. The registry will include the names of persons who have had a confirmed finding of abuse or neglect of a child when it occurred in a child care facility and will contain information on the revocation or denial of a child care facility license. Other provisions of the measure include:

- Requiring a search of the criminal history records, the child care worker registry, and the Oklahoma State Courts Network (OSCN) be conducted prior to issuing a permit or license to an individual to operate a child care facility;
- Requiring that a child care facility submit a criminal history records search and a records search of the child care worker registry of an applicant for employment to the department’s licensing division and that the department conduct a records search of the OSCN prior to the employment of an individual in a child care facility;
- Requiring DHS to notify the child care resource and referral organization within one business day of revoking or denying a license to operate a child care facility; and
- Authorizing the department to issue an emergency order to cease operations to a facility providing unlicensed care and authorizing CLEET-certified officers to issue citations to facilities that continue operations after an emergency order has been issued or an application for a license has been denied.

The map below indicates which states currently have child care inspection information on a publicly accessible website.



The second measure, **HB 2863**, was enacted in response to the case of a child who sustained brain damage last summer when he was inadvertently left in a van by an employee of a child care facility. The bill requires child care facilities to maintain liability insurance coverage of at least \$200,000 for each occurrence of negligence in which a child is injured while on the premises of the facility. If the facility is unable to secure liability insurance, the measure requires the facility to provide notice to the parent or guardian of each child as well as to the DHS that liability coverage is not provided. The map below indicates which states currently require child care facilities to maintain liability insurance.



A number of measures designed to further protect children from abuse and neglect were also enacted. **SB 1601** designates the crime of child abuse as a violent offense. The bill requires persons or businesses that provide services to children to conduct an annual name search of employees pursuant to the Oklahoma Sex Offenders Registration Act and the Mary Rippy Violent Crime Offenders Registration Act. The bill also requires people who work with or provide services to children to sign a statement declaring that they are not required to register as a sex offender or violent crime offender. Finally, the bill provides that, under the provisions of the Mary Rippy Violent Crime Offenders Registration Act, the requirement to register for a crime of abuse will be determined by the judge at the time of sentencing or upon granting the defendant a deferred judgment. **HB 2530** requires that, in lieu of an emergency custody hearing, a certain form be completed and filed if the district attorney's office and DHS agree that a child can be safely returned home. The measure also extends the time by one year during which records concerning the death or near death of a child may be disclosed to the public and extends the effective date of the Oklahoma Children and Juvenile Law Reform Committee to June 30, 2009. **SB 1675** authorizes the Oklahoma State Bureau of Investigation to disclose certain

information to employees of DHS to assist in a child abuse investigation. Finally, **SB 1525** provides that a judge presiding over a case in which abuse or neglect of a child is alleged also has jurisdiction to make a final determination in the matter and to preside over any separate action to finalize a court-approved plan for the child.

In other matters related to the protection of children, **HB 2749** creates the Adoption Review Task Force for the purpose of making recommendations concerning adoption laws and practices, including allowable expenses for birth parents, full disclosure of funds expended for adoptions, standardized reporting of adoptions, and confidentiality issues. **SB 1421** authorizes the director of DHS and the director of the Office of Juvenile Affairs to grant an exception to the fingerprinting requirement for a person living in a foster care home whose physical condition precludes fingerprinting.

Four bills were enacted that deal with child support, paternity, and custody issues. **SB 2194** modifies various provisions related to the establishment of child support. The bill:

- Delineates what types of income are excluded for the purpose of computing gross income and provides a methodology for computing gross income;
- Provides a methodology for calculating credits for other children supported by the parent for the purpose of reducing the gross income of that parent;
- Provides that child support is to be computed as a percentage of the combined gross income of both parents;
- Specifies how child support will be computed in cases of sole custody and split custody;
- Establishes guidelines for the adjustment of child support based on parenting time;
- Requires the court to enter a medical support order in any case in which an ongoing child support order is entered or modified;
- Directs the court to determine actual child care expenses and allocate and add them to the base child support order;
- Prohibits deviation in the amount of the child support obligation that would seriously impair the ability of the parent who is owed the child support to maintain adequate housing, food, and clothing for the child and establishes a methodology for deviating from the child support guidelines if it is in the best interest of the child; and
- Provides conditions under which child support orders may be modified.

SB 2194 also specifies criteria for determinations of indirect contempt for failure to comply with an order for child support and provides punishment options for the court. The measure authorizes DHS to refer to the district attorney a case in which a parent of a child receiving services from the department is violating a child support order and requires the department to assist in the prosecution. In addition, administrative and district courts are granted the authority to order a parent who owes child support to participate in a problem-solving court program in cases in which child support services are being provided for the child.

Finally, the measure authorizes the court to treat disposable retired or retainer pay of a military member as property of the member or as property of the member and the member's spouse and imposes a two-year statute of limitations, beginning on the date of the final divorce decree, for a party to apply for division of disposable retired or retainer pay.

For purposes of granting visitation of a child whose parent is deceased to the grandparent, **HB 2469** provides an exception to the requirement that a preexisting relationship between the child and the grandparent must have existed prior to the parent's death unless the death of the mother was due to complications of childbirth. **HB 2974** requires that a notice of proposed relocation of a child by a person entitled to custody of or visitation with a child be in writing. **SB 1923** provides that a judicial proceeding seeking to disprove a father-child relationship between a child and the child's presumed or acknowledged father may be maintained at any time if the court determines that the biological father, presumed or acknowledged father, and the mother agree to the adjudication. If the presumed or acknowledged father or mother is unavailable, the bill allows the court to proceed if diligent efforts have been made to locate the individual and it would not be against the best interest of the child.

Persons with Disabilities

Three measures were enacted to address the needs of individuals with disabilities. To help ensure that wheeled mobility products paid for by Medicaid meet the needs of recipients, **HB 2703** requires that patients for whom Medicaid will be billed for the purchase of a wheeled mobility product have a specialty evaluation performed by certain medical professionals or that the product be provided by a certified assistive technology supplier and that the patient meet medical necessity requirements approved by the Oklahoma Health Care Authority (OHCA). The requirement is effective April 1, 2009, and contingent upon available funding. **SB 1192** requires the OHCA to conduct a criminal history records search and a search of the DHS community services worker registry of persons who contract to provide specialized foster care, habilitation training specialist services, or homemaker services to persons with developmental disabilities and exempting licensed respiratory care practitioners from the criminal history records search. Finally, **SB 1405** adds one member of the House of Representatives and one member of the State Senate to the Advantage Waiver and Developmental Disability Services Rate Review Committee.

Miscellaneous Human Services

In other measures related to human services:

- **HB 2568** authorizes the Child Death Review Board and the Domestic Violence Review Board to conduct joint reviews on domestic violence cases involving child death or near death incidents.
- **HB 2958** prohibits the consideration of an otherwise eligible individual's age in determining proper placement of a child, provided the individual meets the minimum age requirements.
- **SB 502** authorizes the director of the Office of Juvenile Affairs (OJA) to commission certified employees as peace officers to investigate crimes committed against the office or crimes committed in the course of any program administered by OJA.
- **SB 1763** designates juvenile bureaus and their facilities as departments of the county for purposes of legal representation and, with certain exception, requires the district attorney

of the county in which a juvenile bureau is located to represent the bureau and its employees in any lawsuit.

- **HJR 1058** authorizes the sale of the Laura Dester Shelter in Tulsa with all proceeds going to the Department of Human Services. This facility serves as a temporary home for abused and neglected children. Because of the age of the building, it has become very expensive to maintain. As a result, in 2006, the Legislature authorized the construction of a new facility.

Insurance and Retirement

Insurance

Varying aspects of insurance law in Oklahoma received revisions in a number of bills during the legislative process this session.

SB 1189 adds religious organizations or members of the organization to the list of groups exempt from the Oklahoma Insurance Code when certain requirements are met, including that the participants must be members of the same religion. The bill also allows the organization to establish qualifications of participation relating to the health of prospective participants and to set limits on the financial or medical needs eligible for payment. In amending other sections of law, SB 1189 allows the Department of Central Services' Risk Management Administrator to negotiate insurance-related services, including insurance brokerage and consulting services. The bill also creates a petty cash fund for State Surplus Auctions and allows the State Treasurer to invest excess funds with interest earned to be retained by the State Surplus Property Revolving Fund for state agency surplus property facilities.

Though not to be codified in statute, **SB 1863** establishes legislative intent for the Oklahoma Choosing Healthplans All Together initiative (CHAT) to expand the studies that began in the fall of 2007 to include the following goals:

- Address minority and low income populations;
- Identify the uninsured in terms of age, gender, employment, income, and geography; and
- Conduct a comprehensive study regarding the concept of a primary care medical home.

The CHAT program has given legislators new insights into the health benefit priorities, which can help the state implement a plan to address the 700,000 uninsured Oklahomans.

In an attempt to keep more uninsurable people in the state's high-risk pool, the Legislature passed **SB 2119**, which increases the lifetime benefit allowed from \$500,000 to \$1 million. If the high-risk pool cannot keep high-risk individuals insured, they may be forced to turn to the state's Medicaid plan, which is funded by taxpayer dollars, or become uninsured, which shifts the cost to insured Oklahomans' medical plans. The manager of Oklahoma's High Risk Pool reports that only 20 people have exceeded the half million dollar cap since the pool was created over a decade ago, but due to rapidly increasing health care costs, 15 of those 20 individuals exceeded the cap within the last two years. SB 2119 also increases the length of time an administering insurer serves from two to five years.

Another bill addressing insurance needs not codified in statute but requiring action is **SB 1656** which creates the Patient-Centered Medical Home Task Force under the jurisdiction of the Insurance Department. The task force is to study the quality, safety, value, and effectiveness of the patient-centered medical home concept. A patient-centered medical home should provide

care that is responsive to individual patient preferences, needs, and values which guide the clinical decisions. A report is due from the task force by December 1, 2009.

SB 1640 requires health insurance plans to reimburse licensed persons performing services for any mental or behavioral health or alcohol and drug treatment equal to a rate commensurate with the requirements for their licensure.

SB 1428 creates the Vehicle Protection Product Act and amends the Uniform Insurers Liquidation Act and the Service Warranty Insurance Act. The Vehicle Protection Product Act defines terms, requires certain registration and reports of vehicle warrantors, and provides punishment for violating the act, with authority for enforcing the act given to the Insurance Commissioner. The new law regulates vehicle protection products sold in Oklahoma, prohibiting products from being sold unless the seller, warrantor, and administrator comply with the act. The act exempts sellers, warrantors, and administrators from other provisions of the Insurance Code, but warrantors must register with the Insurance Department. SB 1428 requires that a transfer of rights to payment can only be made with the consent of the reinsurer in conjunction with the transfer. Amendments in the Service Warranty Insurance Act in SB 1428 modify the definition of *insolvent* by increasing the amount of net assets of a guaranteeing organization in excess of \$50 million to \$500 million and repeals definitions and language related to deposit and maintenance of securities.

Two bills modifying state insurance law will help protect consumers. To strengthen regulation of a practice that allows investors to benefit from the deaths of Oklahoma's elderly, the state passed **SB 1980** which creates the Viatical Settlements Act of 2008. SB 1980 allows the state Insurance Commissioner greater regulatory power over the practice known as stranger-originated life insurance, also known as STOLI, which allows investors to buy life insurance policies from the elderly, often paying only a fraction of the policy's value. Investors profit by receiving the death benefit when the senior citizen passes away; the sooner the person dies, the higher the return of the investor. The new law strengthens the regulation of this predatory investment strategy. To protect the insurance industry and the insured in Oklahoma, the Legislature passed **SB 2122** creating the Crimes By or Affecting Persons Engaged in the Business of Insurance Act. SB 2122 permanently prohibits any individual convicted of crimes of dishonesty and breach of trust from engaging or participating in the business of insurance in Oklahoma. The bill allows the penalty for selling surplus lines insurance without a license to be waived if the Insurance Commissioner receives a license application within a month. The bill also allows volunteer counselors to assist Medicare beneficiaries with enrollment in Medicare Part D to provide such service without an insurance producer license if no commission is received.

CompSource Oklahoma was given expanded authority this session under **HB 1959**. The bill allows CompSource to provide workers' compensation insurance coverage for employees who may work out of the state, but for an Oklahoma-based company. Previously, the law only allowed coverage for those employees who work in Oklahoma.

SB 512 expands lien rights to medical diagnostic imaging facilities and professionals who are licensed to perform medical services to help recoup costs of medical care expended. The bill also allows any professionally licensed person in the healing arts who performs medical services under his or her license to place liens for their services.

Retirement

The Legislature continued work to protect the future of the state's pension systems while guaranteeing proper benefits for retired public employees.

SB 565 modifies how the Home Office Credit is calculated with regard to the Insurance Premium Tax for FY-11 and beyond. The changes insulate credit takers from tax credit erosion which could result if the Oklahoma Firefighters Pension and Retirement Fund, Police Pension and Retirement System, and Law Enforcement Retirement Fund are granted an increased percentage of Insurance Premium Tax as dedicated revenue. The bill also modifies definitions for the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB) Act. A definition for *financing transaction* was added to the terms in the Viatical Settlements Act to mean a transaction in which a licensed provider obtains financing from a registered financing entity. The bill restricts a viatical settlement contract from being established less than two years after the date of issuance of the life insurance policy. The bill requires viatical settlement providers and brokers to demonstrate financial responsibility to the Insurance Commissioner through a surety bond of no more than \$50,000. SB 565 adds a grandfather clause for viatical settlement providers or brokers already conducting business in Oklahoma to continue doing so, pending approval of the Insurance Commissioner. The measure increases the age of dependents of employees covered by OSEEGIB from 23 to 25 years of age and deletes other requirements necessary for the 25-year-old dependent to remain covered.

The Legislature continued its commitment to retired state employees by authorizing cost of living adjustments (COLAs) for all retirees. The Legislature also provided COLAs within the guidelines of the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA). OPLAAA, among other requirements, restricts the approval of benefit increases to calculated and actuarially assumed increases to protect the retirement systems from incurring increased unfunded liability. **HB 3112** contains the actuarially assumed COLAs for 2 percent per year (4 percent total over a two-year period) in FY-09 and FY-10 for the following retirement systems:

- Oklahoma Firefighters Pension and Retirement System;
- Oklahoma Police Pension and Retirement System;
- Uniform Retirement System for Justices and Judges;
- Oklahoma Law Enforcement Retirement System; and
- The Oklahoma Public Employees Retirement System.

The bill also contains the actuarially assumed COLAs for 1 percent per year (2 percent total over a two year period) to begin July 1, 2008, for the Teachers' Retirement System of Oklahoma. HB 3112 also establishes OPLAAA-type provisions for the Tulsa County retirement system. This new law prohibits authorization of benefit increases without concurrent funding to cover the benefit increases. The bill also contains several cleanup administrative provisions and restricts an Oklahoma Public Employees Retirement System (OPERS) employee from retiring and returning to their former employer within a year while still drawing retirement benefits from OPERS. **HB 2074** removes the earnings limitation for teacher retirees who return to employment 36 months after the date of retirement. HB 2074 is discussed in greater detail in the Education section.

Recent COLA History					
<u>System</u>	<u>Legislative Session</u>				
	2008	2006	2004	2002	2000
Oklahoma Firefighters Pension and Retirement System	4%	4%	4%	5%	4.7%
Oklahoma Police Pension and Retirement System	4%	4%	4%	5%	4.7%
Uniform Retirement System for Justices and Judges	4%	4%	4%	5%	4.7%
Oklahoma Law Enforcement Retirement System	4%	4%	4%	5%	4.7%
Oklahoma Public Employees Retirement System	4%	4%	2.5%-4%	5%-6%	*
Teachers' Retirement System of Oklahoma	2%	2%	2.5%-4%	3%-4%	1.7%

Note: This chart shows the Total COLAs approved by the Legislature during that year's legislative session.
 * This year utilized a formula not based on a percentage, but equated to an estimate of \$48 a month.

In continued improvements to the Oklahoma Firefighters Pension and Retirement System, the Legislature passed **SB 2143**. The bill allows the surviving spouse of a deceased firefighter to have the same retirement benefit options as the firefighter had before death. This will allow surviving family members to have greater flexibility in addressing their retirement needs.

The Legislature reformed the administration of deferrals to annuities by school districts on behalf of school district employees. **HB 2793** structures the selection of tax annuity vendors. This reform allows school district administration to control the quantity of tax annuity vendors. The bill applies similar language to employees of the Oklahoma State System of Higher Education who are eligible to defer a portion of their salaries to a 403(b) plan.

To further protect the state from excessive losses in the public pension systems, the Legislature approved a bill to close a loophole that allows some former elected officials to receive greater retirement benefits than they earned from OPERS if they had worked several years as public employees before being elected. Under **SB 1641**, new members to OPERS who become elected officials will receive benefits based on existing contribution rates, and their highest compensation received as an elected official will be recorded only for the years while serving in the elected office. An actuarial study showed the loophole cost the state as much as \$20 million.

Judiciary and Criminal Justice

Judiciary

The Legislature enacted several measures in the area of the judiciary, focusing on making additions and changes to current criminal and civil procedures.

Criminal Procedure

In an attempt to reduce continued incidents of domestic violence, **SB 2104** allows a court to suspend the sentencing of a person convicted of domestic violence until the person has presented proof of enrollment in a program of treatment for domestic abuse taught by an individual licensed practitioner or a domestic abuse treatment program certified by the Attorney General. The measure requires that proof of enrollment and attendance be presented to the court no later than 120 days after the defendant is ordered to counseling or treatment. The program designed to protect victims of domestic violence and stalking, the Address Confidentiality Program, is transferred from the Secretary of State's office to the Attorney General in **HB 2638**. To ensure the safety of the applicant, the bill also allows an adult or minor child residing with an applicant to apply for the program. **SB 2028** makes it a felony to forcibly or fraudulently take or entice an incapacitated person with intent to detain and conceal that person. The felony offense is punishable by up to ten years in prison.

Two measures were enacted concerning the protection of children. **SB 1839** modifies who may be a court-appointed special advocate (CASA) for a child testifying in a criminal proceeding. The change in law requires the advocate to be a registered professional social worker, psychologist, or psychiatrist. The CASA's responsibility is to monitor the potential for emotional trauma to the child. **SB 1950** provides that prosecutions for child trafficking must commence within 12 years after the discovery of the crime, deleting the previous three-year requirement.

In other criminal procedure measures, **HB 3031** expands the list of persons eligible to file for expungement of a criminal record to include persons who have received a full pardon based on a written finding by the Governor of actual innocence for the crime for which the claimant was sentenced. Similarly, **SB 1648** allows a person whose factual innocence has been established through the use of DNA evidence and who has already been released from prison at the time innocence was established to seek expungement. Finally, **SB 1797** establishes that a bail bond will be exonerated when the defendant is arrested outside the state and the prosecuting attorney declines to extradite.

Civil Procedure

Several measures were enacted that focused on court procedures in the area of civil law. **SB 74** increases the pool of potential jurors by allowing jailers or state or federal law enforcement

officers to serve on noncriminal juries. **SB 1922** limits the number of requests that may be made to produce evidence for inspection or copying to 30 in all civil cases. If a party believes that more than 30 requests are necessary, that party's counsel must consult opposing counsel and attempt to reach an agreement on a reasonable number of additional requests. If an agreement cannot be reached, the party seeking the additional requests must file a motion with the court showing good cause for the additional requests. **SB 2007** allows a person subpoenaed to appear as a witness who also qualifies as an expert witness to receive an expert witness fee from the party seeking the expert testimony in addition to other fees. Finally, **HB 2631** allows the Chief Justice of the Oklahoma Supreme Court to appoint different district court judges to civil cases when they are appealed and subsequently reversed and remanded by final order of an appellate court. The exception is when all parties agree to the same district court judge from the case prior to appeal.

In matters concerning probate, **HB 2639** creates the Nontestamentary Transfer of Property Act and enables individuals to designate beneficiaries to receive assets upon one's death without having to go through probate. **HB 2726** modifies probate procedures related to creditor claims against an estate. Specifically, when a creditor claim against an estate is presented to the personal representative who in turn rejects the claim, the 45-day time period for limitation of actions does not begin until the personal representative has mailed notice of rejection to the creditor.

Two measures concern families and children. In the interest of judicial expediency, **SB 1921** now authorizes divorce courts to also hear petitions for protective orders under certain circumstances. Protective orders may be dismissed in favor of restraining orders in divorce or legal separation if the court specifically finds that the dismissal is in the best interests of the parties and does not compromise the safety of any petitioner. **SB 906** updates the Interstate Compact for the Placement of Children which provides the legal framework for the placement of children across state lines. The compact now excludes the placement of children by their parents with a relative or nonrelative, the placement by a child's parents into a residential treatment facility, and foreign adoptions. The compact also expands the number of circumstances in which the court in the sending state has the authority to terminate jurisdiction, provides more guidelines for the responsibility of states involved in these placements, and provides for the development of guidelines to Indian tribes.

In other matters related to civil procedure, **SB 612** requires those offenders who receive a suspended or deferred sentence and are not ordered to be supervised by the Department of Corrections to pay the district attorney a supervision fee of \$40 per month. **SB 1168** prohibits health insurance providers from excluding allowable claims that occur in conjunction with the arrest or pretrial detention of a policyholder prior to their adjudication of guilt and sentencing to incarceration. The reimbursement rate for out-of-network claims for such services will be set at the current Medicare rate. **SB 539** states that a spouse of a package store license holder is not considered to be a partner or have a beneficial interest in the package store unless the spouse's name appears on the license. Finally, **SB 824** amends the Governmental Tort Claims Act by expanding the list of persons considered an employee of the state to anyone who is licensed to practice medicine and is under a service contract with the Oklahoma Health Care Authority.

Uniform Commercial Code

Several measures were enacted this session that relate to the Uniform Commercial Code. With the passage of **SB 2069**, Oklahoma joins 16 other states who have adopted the Uniform Interstate Enforcement of Domestic Violence Protection Act. This act provides uniform procedures that will allow Oklahoma courts to better recognize and enforce valid domestic protection orders issued in other states that have also adopted this act. The purpose is to better assist victims of domestic violence and abuse. **SB 1708** addresses several aspects of the Uniform Commercial Code. Oklahoma joins several other states in adopting the most recent version of the Uniform Anatomical Gift Act, an act endorsed by several national organizations including the American Medical Association and the National Kidney Foundation. The update is needed to better reflect the current system of organ donations. The bill also contains the Uniform Limited Cooperative Association Act and allows entities that combine familiar cooperative values with modern financing mechanisms to create an economic development tool for business transactions in both rural and urban settings. Rural electric cooperatives are exempt from being formed under this act. The act does not replace the current cooperative law or affect cooperatives formed under existing law. Finally, **SB 1708** contains an updated version of the Uniform Limited Partnership Act to better reflect modern practices. **HB 2587** focuses on the Uniform Real Property Electronic Recording Act and allows a more uniform approach for county clerks and recorders in regard to the electronic recording of real property. Oklahoma is one of 19 states to enact this law. Finally, **SB 1839** addresses the Uniform Arbitration Act and states that it does not apply to collective bargaining agreements and contracts which reference insurance, except for those contracts between insurance companies.

Criminal Justice

Several measures were enacted this session to protect the citizens of Oklahoma from criminal exploitation. A new criminal penalty is created by **HB 1021** which makes it a felony to engage in human trafficking for forced labor or forced sexual exploitation. Persons convicted of human trafficking are subject to a sentence of five years imprisonment, a fine of \$10,000, or both fine and imprisonment. The punishment is increased to a sentence of up to ten years in prison, a fine of up to \$20,000, or both fine and imprisonment, if the victim is under the age of 14. The bill also authorizes the seizure of any property that was used in the crime of human trafficking.

HB 2606 modifies the Peeping Tom statute to protect individuals from lewd or lascivious clandestine activities that occur in a public place. The measure adopts language from the Federal Voyeurism Act which states that it is illegal to capture images of a person's private areas even though the person is in a public place. Persons convicted for violations of this act face up to one year in the county jail, a fine of up to \$5,000, or both fine and imprisonment.

Several measures designed to protect persons from domestic violence were enacted this session. Courts are authorized by **SB 2163** to order a defendant to use an active, real-time, 24-hour Global Positioning Monitoring system (GPS) device as a condition of a sentence when a protective order has been issued in a domestic abuse case. The measure also authorizes the court to order a person not otherwise eligible for pretrial release to use a GPS device as a condition of pretrial release. Additionally, the court may order defendants to pay costs and expenses related

to the GPS device and monitoring. A second measure, **SB 2003**, authorizes the district attorney to accelerate or revoke probation for a person convicted of domestic abuse who fails to participate in court-ordered domestic abuse counseling. Acceleration or revocation can occur when the person has three unexcused absences in succession or seven unexcused absences in a period of 52 weeks from any court-ordered domestic abuse counseling or treatment program. Finally, **HB 1897** makes a first offense of domestic abuse committed against a pregnant woman with knowledge of the pregnancy a misdemeanor, punishable by up to one year in the county jail. A second or subsequent offense of domestic abuse committed against a pregnant woman with knowledge of the pregnancy is to be a felony, punishable by a minimum of ten years imprisonment. If the abuse causes a miscarriage or injury to the unborn child, the punishment increases to a minimum of 20 years imprisonment.

The Legislature continued efforts to seek treatment for nonviolent drug users with the passage of **HB 2522** which authorizes counties to establish a misdemeanor drug court program. The measure provides that the misdemeanor drug courts should follow the rules and regulations of felony drug courts, except that the penalty for revocation must not exceed one year in the county jail or the maximum penalty for the misdemeanor allowed by statute, whichever is less. The Department of Mental Health and Substance Abuse Services is to provide assistance to counties deciding to operate these misdemeanor drug courts.

A continuing crisis that exists at the Office of Juvenile Affairs (OJA) is the concern over the housing of youthful offenders with delinquent children. Youthful offenders, by the nature of their crime, are older and more violent offenders. **SB 1403** addresses this problem by providing a new procedure for the placement of youthful offenders. The bill establishes that youthful offenders are to be subject to the same type of sentencing procedures and duration of sentence as an adult. The youthful offender is to remain in custody of OJA until the offender reaches 18 years of age. The measure also does away with the semi-annual review of the youthful offender by the court and offers the court various sentencing options regarding the youthful offender's status at the annual review. If the offender is in custody of OJA on their eighteenth birthday, the offender will be returned to the sentencing court. The court can:

- Return the youthful offender to OJA;
- Sentence the youthful offender to the custody of the Department of Corrections;
- Place the youthful offender on probation with the Department of Corrections; or
- Discharge the offender from custody.

The measure also clarifies that youthful offenders can be held in a facility for delinquents if the youthful offender has been placed by the court with OJA. To avoid delays in treatment, OJA must find placement for a youthful offender within 45 days of the filing of the offender's written rehabilitation plan. OJA will also be impacted by the provisions of **SB 1760** which authorizes district courts to hire juvenile court case managers to assist judges with juvenile docket responsibilities so that juvenile cases may proceed through the court process in a timely and effective manner. To be eligible for appointment as a juvenile court case manager, a person must be an attorney licensed to practice law with at least two years of experience in juvenile or family law or hold a bachelor's degree in social sciences or related field and three years of experience working with court procedures, juvenile law, or social work.

Additional measures were enacted this session to assist the victims of crime. The first measure, **HB 2241**, increases the amount that crime victims who are injured as a result of criminally injurious conduct may be reimbursed for work loss and related costs from \$2,000 to \$3,000. The total compensation available to a crime victim is currently capped at \$20,000. The measure allows for an additional \$20,000 to be awarded, specifically for loss of wages or loss of support for dependents if there is a verifiable economic loss after deducting payments from other sources. The bill also increases the limit for inpatient mental health treatment from \$10,000 to \$20,000, burial expenses from \$6,000 to \$7,500, homicide crime scene cleanup from \$500 to \$2,000, and loss of income of a caregiver from \$2,000 to \$3,000. A second measure, **SB 2004**, allows victims and immediate family members of victims to present written victim impact statements which contain religious invocations or references at the sentencing hearing.

Persons who prey on vulnerable adults will now face more punishment due to the provisions found in **SB 1600** which increases the punishment for abuse, sexual abuse, or exploitation of a vulnerable adult from 18 months to two years in prison. The bill also adds caretaker abuse, neglect, or exploitation to the Elderly and Incapacitated Victim's Protection Act which will result in violators having to serve a minimum of 85 percent of their sentence.

SB 1663 lowers the value of loss whereby a person may be charged for damages to another person's property. Under the provisions of the measure, it is a misdemeanor if the damage has an aggregate value of \$1,000 or less. If the damage is greater than \$1,000 or if the defendant has two or more prior convictions for damaging property, the offense is a felony.

Any person discharging any electrical stun gun, tear gas weapon, mace, tear gas, pepper mace, or any similar agent against a peace officer, corrections officer, probation or parole officer, firefighter, or an emergency medical technician or paramedic can be found guilty of a felony under the provisions of **SB 1672** if the officer is acting in the course of official duty. Any person convicted of this crime is subject to up to ten years in prison or not more than one year in the county jail.

SB 551 establishes a misdemeanor crime to leave a child under 6 years of age or a vulnerable adult unattended in a motor vehicle with inadequate ventilation or under extreme weather conditions. Persons found guilty of this offense will pay a \$50 fine for the first offense, a \$100 fine and 50 hours community service for a second conviction, and a \$200 fine for a third or subsequent conviction. In addition, those convicted of a third or subsequent conviction will have the full record of their convictions submitted to the Department of Human Services for evaluation. Persons convicted of leaving a child or vulnerable adult unattended in a motor vehicle on the premises of an establishment which holds a license for the sale of alcoholic beverages for consumption on the premises, and who has consumed any alcoholic beverage during that time, will be punished by a fine of at least \$500.

SB 1992 modifies the punishment for several crimes. The bill creates the crime of aggravated possession of child pornography and makes all property used in the commission of this crime subject to forfeiture. *Aggravated possession of child pornography* is defined as the possession of 100 or more separate materials depicting child pornography. A conviction subjects the violator to imprisonment in the custody of the Department of Corrections for not more than 20 years and a fine of not more than \$10,000. The measure also expands the definition of *first degree rape* by

including rape accomplished when the victim is intoxicated by a narcotic or anesthetic agent or when the victim is unconscious. Previously, these conditions were considered rape in the second degree. The measure also makes it a felony to knowingly and willfully desecrate a human corpse. Persons convicted of desecrating a corpse are subject to a felony punishable by up to seven years in prison, a fine of not more than \$8,000, or both.

Miscellaneous Criminal Justice Measures

In other measures relating to criminal justice:

- **SB 763** removes the requirement that a park be properly zoned before it becomes a restricted place under the Sex Offender Registration Act. Now the park must only be established, operated, or supported in whole or in part by a city, county, state, federal, or tribal government for the park to be off-limits to sex offenders.
- **SB 1440** allows persons found guilty of a first offense of a violation of the Uniform Controlled Dangerous Substances Act, not including a violation of the Trafficking in Illegal Drugs Act, to receive a deferred sentence.
- **SB 1452** allows the members of the Re-Entry Policy Council to receive travel reimbursement.
- **SB 1468** lowers the minimum age for a correctional officer from 21 to 20 years of age.
- **SB 2111** increases the penalty for trespass upon private land to include restitution for actual damages incurred. In addition, persons convicted of a second or subsequent offense will be assessed a fine of not less than \$500 or more than \$1,000, 30 days to six months in the county jail, or both.
- **HB 2783** requires persons who are convicted of a sex offense in another state to be assessed for tier assignment under the Sex Offender Registration Act upon moving to Oklahoma.
- **HB 2533** adds the Executive Coordinator of the District Attorneys Council, the Executive Director of the Oklahoma Indigent Defense System, and the Administrative Director of the Courts as nonvoting members of the Oklahoma State Council for Interstate Adult Offender Supervision.

Public Safety and Corrections

Public Safety

Several measures were adopted this session focusing on the operation of nontraditional vehicles on Oklahoma roads and highways to assist the motoring public. **SB 1998** establishes a procedure for the registration of imported mini-trucks by the Oklahoma Tax Commission. Imported mini-trucks are foreign manufactured vehicles that are 60 inches or less in width, weighing less than 1,600 pounds, and that have a top speed of approximately 55 miles per hour. The vehicles are prohibited from operation on the interstate highway system. **SB 1384** requires medium-speed electrical vehicles to be titled and registered and specifies on which roadways these vehicles may operate. The measure also removes the \$1 fee charged for physical disability placards. Finally, the measure requires all buses designed and used for the transportation of persons for compensation to comply with railroad crossing provisions. **SB 2086** allows all-terrain vehicles to be operated on highways and streets within a municipality if the municipality has adopted an ordinance allowing operation on highways and streets within city limits. The bill also removes the prohibition on nighttime operation of these types of vehicles. The measure clarifies the use of auxiliary driving lamps on motorcycles.

A final measure relating to alternative type vehicles is **SB 1793** which makes numerous changes in how the Oklahoma Tax Commission is to regulate utility vehicles in Oklahoma. Provisions of the bill include:

- Modifying the requirements related to the definition of all-terrain vehicles (ATVs) by removing all width and weight requirements and requiring ATVs to have an internal combustion engine and travel on four or more low pressure tires;
- Adding a companion definition for utility vehicles seeking the same type of mandatory titling and registration treatment as ATVs;
- Establishing that owners of utility vehicles are to receive an original or transfer certificate of title upon payment of vehicle excise tax levied at a rate of 4.5 percent;
- Providing that owners will receive a permanent decal upon payment of an \$11 registration fee; and
- Providing that \$9 of the \$11 registration fee will be deposited in the Tax Commission Reimbursement Fund and \$2 will be designated for the motor license agent.

Several measures were adopted impacting the Department of Public Safety (DPS) and its operations. The Commissioner of Public Safety is allowed by **HB 2215** to enter into interlocal agreements with other agencies for the use of space. The bill also authorizes the Oklahoma Turnpike Authority to prescribe maximum and minimum speeds on all types of vehicles using turnpikes and prohibits the use of bicycles and other man-powered or light mechanically-powered vehicles on turnpikes. **HB 2695** authorizes DPS to acquire, house, and train canines to assist in explosives detection, seek out controlled dangerous substances, perform article searches, provide officer protection, and engage in tracking of suspected criminals. Another provision

allows DPS to develop rules for the titling and registration of medium-speed electric vehicles. Medium-speed electric vehicles are electric powered vehicles equipped with a roll cage or crush-proof design that can attain speeds between 30 and 35 miles per hour. Finally, DPS and the Department of Wildlife Conservation are authorized by **HB 3268** to enter into written agreements to allow Department of Wildlife Conservation officers to perform law enforcement duties on Oklahoma turnpikes.

Two measures were adopted regulating young drivers. **HB 1711** allows an unemancipated person who is in the custody of the Department of Human Services to receive a restricted driver license without the requirement that their parent or guardian sign the application. Farm or ranch residents operating vehicles with an intermediate Class D driver license are aided by **SB 1945**. The bill exempts drivers from the restrictions imposed on an intermediate Class D driver license if the person is operating a motor vehicle while engaged in farming or ranching activities or driving to or from work, school, or church activities.

Boating safety was another important consideration of the Legislature this session. **HB 3076** strengthens the Oklahoma Boating Safety Regulation Act by providing a definition of *passenger* to mean any person riding in or upon any vessel or being towed for recreation on water skis, an inner tube, kneeboard, parasail, or any similar device. The bill prohibits persons from operating or giving permission to operate any vessel on the waters of this state if a manufacturer affixed maximum horsepower capacity plate has been modified to exceed the posted capacity plate or to exceed the United States Coast Guard standards for maximum horsepower capacity. This prohibition does not apply to vessels operating in sanctioned racing events. The measure also increases from \$500 to \$2,000 the amount of property damage resulting from a boating accident for a report to be filed with the DPS. **SB 1178** requires the Oklahoma Tax Commission to develop and implement a boat registration system consistent with United States Coast Guard requirements. Federally recognized Indian tribes are allowed to also develop such a system. The measure clarifies the placement of outboard motor registration decals and vessel registration decals and provides for the placement of the permanent vessel registration numbers on the vessel.

Major modifications to how the Council on Law Enforcement Education and Training (CLEET) addresses disciplinary actions of law enforcement officers are made in **SB 1625**. The bill prohibits the certification as a police or peace officer to any person who has been convicted of domestic violence and requires every law enforcement agency to notify CLEET of a final order of termination or the resignation while under investigation of a CLEET-certified peace officer. In addition, the council may order the suspension or revocation of the CLEET certification of the peace officer in question. Any peace officer employed by a law enforcement agency which has internal discipline policies and procedures on file with CLEET is exempt from the CLEET disciplinary proceedings and actions. However, the exemption does not apply if the peace officer has been convicted of a felony crime, a crime of moral turpitude, or a crime of domestic violence. The bill also requires notification of suspension to the liability insurance company of the law enforcement agency that employed the suspended officer and to the chief elected official of the law enforcement agency's governing body. The measure also adds individuals, educational institutions, and tribal nations to the list of entities with which CLEET is allowed to enter into agreements for professional services or the use of CLEET facilities. The council may charge these entities for staff overtime costs incurred as a result of the user's requests to schedule

functions after-hours, on weekends, or anytime the requests extend staff beyond its normal capacity. **HB 3003** requires CLEET to include in the courses of study for law enforcement certification a minimum of four hours of oil field equipment theft training. The bill also authorizes the Oklahoma State Bureau of Investigation, the Federal Bureau of Investigation, highway patrol, sheriffs, and state-certified peace officers to stop any vehicle transporting oil field equipment to inspect the cargo being transported and to inspect bills of lading to ensure the vehicle is not transporting stolen oil field equipment. The bill also requires oil field equipment dealers to provide a bill of sale or invoice to a purchaser.

Several measures were adopted this session to assist the Oklahoma State Bureau of Narcotics and Dangerous Drug Control (OBNDD). The Drug Money Laundering and Wire Transmitter Act is created by **SB 1961** which increases the reporting requirements for persons engaging in the money services business and increases the penalties for failure to comply. The measure authorizes the OBNDD to access, review, and investigate all registration applications and supplier reports submitted to the Bank Commissioner, as well as all money services transaction reports. The OBNDD will conduct a criminal financial check on all registration applications and collect a \$50 fee from the applicants. The bill also establishes additional criminal penalties relating to money laundering when the money comes from illegal drug activity. Punishment for violation is a felony subject to not less than two years nor more than ten years in prison, a fine of not more than \$50,000, or an amount equal to twice the dollar amount of each transaction, whichever is greater, or both fine and imprisonment. The bill also creates a criminal penalty for selling, giving, transferring, supplying, or providing any money transmitter equipment to any person not licensed by the Oklahoma State Banking Commission. Any person convicted of a first violation is guilty of a misdemeanor subject to a \$3,000 fine, one year in the county jail, or both fine and imprisonment. A second or subsequent violation is a felony punishable by five years imprisonment, a fine of up to \$5,000, or both. Another measure, **HB 3148**, adds a number of chemicals to the list of controlled dangerous substances that are to be considered Schedule I drugs, meaning they have a high potential for abuse and no accepted medical use in the United States or lack accepted safety for use in treatment. The newly scheduled drugs include salvia divinorum, a recreational drug that has grown in popularity over the last several years.

OBNDD is prohibited by **HB 2460** from registering any person to manufacture, dispense, or prescribe controlled dangerous drugs if the person has been found guilty of or entered a plea of nolo contendere to a charge under the Uniform Controlled Dangerous Substances Act or any other federal or state law relating to any controlled substance that is a felony. The measure also allows for the use of electronic signatures on transmissions of written prescriptions between a practitioner and a dispensing pharmacy. Another measure impacting the OBNDD, **HB 2821** authorizes the bureau to make available for sale any used vehicles, equipment, and other forfeited property to any federal, state, county, or municipal agency, trust authority, or public school district. The bill also authorizes attorneys for the bureau to carry weapons if the attorneys have been certified by CLEET or have been licensed through the Oklahoma Self-Defense Act. The OBNDD is also allowed to develop an employee performance recognition program to reward exemplary service or assistance to the bureau. Finally, **SB 1960** creates the Bureau of Narcotics Drug Education Revolving Fund to be used by the OBNDD for drug education and information in Oklahoma, to be funded through \$5 assessments of those convicted of misdemeanor possession of marijuana.

Miscellaneous Public Safety Measures

In other measures related to public safety:

- **SB 1673** requires entities to conduct a national criminal history records check on all persons authorized to access or review national criminal history records. These entities will pay a \$41 fee to the Oklahoma State Bureau of Investigation to conduct the criminal records search.
- **SB 1754** prohibits a dog kennel from being located within 2,500 feet of a public or private school or licensed day care facility in a municipality having a population of more than 300,000.
- **SB 1714** authorizes the Oklahoma Tax Commission to approve the locations of motor license agents.
- **HB 2822** allows public law enforcement or public health agencies to use 911 emergency telephone services to place outgoing emergency calls to notify the public of an emergency in all cities and towns.
- **HB 2862** allows multiple-passenger vans, owned and operated by a nonprofit charitable organization for the purpose of transporting children, to be equipped with a flashing strobe-light device visible from 500 feet when activated.

Corrections

Two measures were enacted to alleviate the financial burden faced by state and county officials due to inmate medical costs. **SB 811** further clarifies that inmates in pretrial detention are responsible for medical costs concerning preexisting conditions and contains methods by which these costs can be recovered from inmates. The bill also modifies the method used by the Oklahoma State and Education Employees Group Insurance Board to reimburse counties for valid medical expense liabilities from the Medical Expense Liability Revolving Fund. Previously, claims were paid on a first-come-first-served basis. Another measure, **HB 3336**, requires the Department of Corrections (DOC) to reimburse health care providers for medical care provided to inmates in the county jail after a judgment and sentence has been entered by the court. The bill allows health care providers to be reimbursed at network rates if the providers are in the DOC provider network or at Medicaid rates if the provider is not in the network. **HB 3336** also requires DOC to pay pharmacy providers for medications on the DOC formulary at Medicaid rates and to provide dental and mental health care through designated DOC host facilities. The measure also requires counties to receive authorization from DOC prior to obtaining nonemergency care for inmates outside of the jail.

Several measures were enacted in an effort to streamline and improve functions within the DOC. The petty cash fund structure within DOC is modified by **SB 1964** which removes the facility-specific schedule and authorizes DOC to use one agency special account as a centralized petty cash fund. The measure also centralizes the operations of all facility canteens through the oversight provided by the Canteen System Board. Additionally, the Department of Corrections

Inmate and Staff Welfare Revolving Fund is created, consisting of profits from the canteen system, inmate telephone and electronic mail systems, and unclaimed inmate trust account balances. Another measure, **SB 2066**, requires private prison contractors to submit through DOC a national criminal history records check on all private prison employees and prospective employees. Finally, **SB 1725** establishes a 19-member task force to study the roles and responsibilities of the Department of Mental Health and Substance Abuse Services, the State Department of Rehabilitation Services, and the Department of Corrections with regard to women who are mentally ill and have been incarcerated. The task force is to examine treatment and rehabilitative services available to these women as well as support services that are available during the reentry process.

Revenue and Taxation

Tax Collection and Administration

In efforts to continue to modernize the tax code and maximize revenue potential, the Legislature passed significant reforms in regulating the collection of tax dollars. One major initiative passed by the Legislature was the Voluntary Compliance Initiative in **SB 2034**. The bill allows delinquent taxpayers to pay taxes owed before December 31, 2007. The taxpayer will not be penalized with interest or any other collection fees if delinquent taxes are paid during September 15, 2008, through November 4, 2008. The program applies to the following taxes:

- Gasoline and diesel taxes;
- Franchise tax;
- Gross production and petroleum excise taxes;
- Corporate income tax;
- Bank “in lieu” taxes;
- Individual income tax;
- Withholding taxes;
- Sales and use taxes; and
- Mixed beverage taxes.

The Tax Commission anticipates this program will generate collections in FY-09 of \$34,700,000, as follows:

Gross Increased Collections	\$ 42,000,000
Cost of Collection Agency	\$ (7,300,000)
Net Increase in Collections	\$ 34,700,000
Providing Increases for State Funds as follows:	
Deposit to General Revenue Fund (GR)	\$ 28,420,000
Deposit to Education Reform Revolving Fund (1017 Fund)	\$ 4,070,000

Data Source: Oklahoma Tax Commission

From the amount deposited to the General Revenue Fund in FY-09, 95 percent of this amount, or \$26,999,000, may be appropriated.

SB 2034 also requires corporate taxpayers to include in Oklahoma taxable income, rents and interest expenses paid to a captive real estate investment trust (REIT). The Tax Commission estimates a \$6 million increase in income tax collections for FY-09 as a result of this new requirement.

Another measure, **HB 1387**, authorizes the Tax Commission to purchase and establish a commercial integrated computer tax system. This new system will enhance agency productivity

and increase tax collections estimated at \$41 million for the first three years with additional revenue collections of \$22.5 million annually in subsequent years, according to the Tax Commission.

The Legislature enacted other measures which affect the administration of the tax code and other duties of the Oklahoma Tax Commission.

SB 1511 contains the following administrative provisions:

- Relieves a purchaser's responsibility for a prior owner's returned check by exempting the purchaser from any tax, fee, or penalty due, when the purchaser is registering a vehicle for the initial purchase of the vehicle;
- Provides that only a person who has been issued a valid motor carrier authority issued by the Federal Motor Carrier Safety Administration or a valid for-hire authority issued by the Corporation Commission may use Tax Commission in-transit license plates to transport new or used manufactured homes from one location to another within Oklahoma or from another state to Oklahoma;
- Grants owners of noncommercial boat and utility-type trailers the option of purchasing a private trailer registration for a \$1 fee;
- Modifies the date the Tax Commission is to begin developing estimates and statements by utilizing a dynamic revenue estimating model from December 31, 2008, to December 31, 2009;
- Authorizes the Tax Commission to provide an organization of licensed Oklahoma low-point-beer wholesalers a list of licensed retailers or certain shipment-specific information. The purpose of this provision is to aid the industry in trying to conduct transactions with only licensed retailers;
- Clarifies in statute that the confidentiality exception currently applies to private collection activities, which is consistent with longtime Tax Commission policy and practice;
- Clarifies that the Tax Commission, at its sole discretion, may share certain reports and records with state law enforcement officials. Current law allows information to be shared with law enforcement officials of the federal government and other states but not those officials in Oklahoma; and
- Changes the application of administrative fines imposed on retailers by making the fines permissive rather than mandatory.

SB 1714 authorizes the Tax Commission, at its discretion, to approve the relocation of an existing tag agency within a three-mile radius of another existing tag agency, provided a naturally intervening geographic barrier within that radius causes the locations to be separated by not less than three miles of roadway by the most direct route.

Continuing efforts to make information regarding tax, revenue, and expenditure activities of the state more accessible to the taxpayer, the Legislature passed **SB 1956** which contains a provision that deletes a confidentiality requirement pertaining to certain tax incentive reviews.

Ad Valorem Taxes

The Legislature considered several measures that affect property taxes in Oklahoma. **HB 3229** is an effort by the Legislature to minimize the opportunity cost to taxpayers who are in negotiations or disputes with a County Assessor regarding property taxes owed. The bill requires that disputed funds held by the County Treasurer must be held in an interest bearing account to minimize the impact of the loss of the funds. The bill also provides that when the amount is over \$15,000, the taxpayer may elect to choose the type of investment and where the investment of the protested funds will be deposited. Guidelines for this circumstance require that the taxpayer must choose an investment type authorized for the county, the depository institution must qualify as a county depository, and the depository institution is located in the applicable county.

The Legislature passed **SB 958** to correct a conflict between the Oklahoma Constitution and current statute which was cited by the Oklahoma Supreme Court. The decision by the State Supreme Court in *Liddell v. Cleveland County Board of Equalization* determined that current statutes regarding use value violate the requirement of valuation and assessment based on fair cash value. The bill amends current statute to require that the use value of a lot will be the fair cash value and adjusted according to the formula delineated by statute.

The Legislature eased administrative requirements on counties to reduce spending of taxpayer dollars on unnecessary notifications. **SB 1770** allows a county to sell property as a result of a tax lien three years after the lien is placed. When the sale occurs at the end of this period, it is final. This bill repeals the current onerous process that requires annual issues of certificates for delinquency and certificates for taxes paid by someone other than the owner, the annual redemption process, and notification by the county of all related activity. Now the delinquent taxpayer has three years to make the proper tax payments or the property is subject to final sale.

SB 1956 amends current statute and provides additional penalties for a corporate taxpayer if they are habitually delinquent relating to ad valorem taxes in certain counties with a population less than 75,000. The measure provides a penalty on delinquent taxes of 5 percent per month until paid. The penalty only applies when the tax has been paid delinquent for two or more separate and consecutive years and the fair cash value of the property exceeds \$500,000.

Tax Incentives for Economic Development

Expansion and extension of existing tax breaks were a major focus of the Legislature this session. **HB 3239** seeks to address the critical shortage of engineering and technical talent facing the Oklahoma aerospace industry. The legislation provides the following:

- Tax credits to aerospace companies that hire engineers with a larger tax credit offered for graduates of Oklahoma institutions (10 percent of the qualified wage cost for one to five years of employment for a graduate of an Oklahoma institution compared to 5 percent of the qualified wage cost for one to five years of employment for a graduate of a non-Oklahoma institution);
- Tax credits to engineering graduates who agree to work for an Oklahoma aerospace company, not to exceed \$5,000 per year for no more than five years of employment; and

Revenue and Taxation

- An employer tax credit of 50 percent of tuition reimbursed to a new graduate of engineering, based on the average tuition at an Oklahoma public college or university, for no more than four years of employment.

As a result of multiple interim studies and other research, the Legislature passed **HB 3352** to monitor the use of the successful and widely used Local Development Act. The bill requires governments that create incentive or tax increment financing districts (TIF) as authorized by the Local Development Act to file a report with the Oklahoma Tax Commission which describes the following:

- The geographical area where the district is located;
- A description of any locally authorized tax incentives; and
- Whether there is or will be indebtedness which will be partially or entirely paid from incremental tax revenues dedicated for the purpose of the district.

The bill also contains provisions for governmental officers who are required to vote on the approval of incentive or TIF districts. The bill requires that when districts are being created, any voting authority must disclose if the person owns, or plans to ever own, property which would reside in the district and abstain from any votes approving creation of the district. To reform the assessment of property taxes, **HB 3352** also requires that public trusts or nonprofits, who own property that is not being used for the intended creation of the trust or nonprofit, to remit property taxes exempted.

In an effort to continue the growth of Oklahoma's energy industry, the Legislature passed **SB 1658**, also referred to as the deep-well incentive bill, that extends the July 1, 2008, sunset date to July 1, 2011, on the gross production tax exemptions currently allowed for the completion of new wells drilled to 15,000 feet or more. The provided exemptions are tiered depending on depth for various expiration dates. It is estimated that 30 companies conduct deep well drilling in Oklahoma. The insert details the major findings of a 2005 study that reviewed the economic impact of deep well drilling in Oklahoma.

The Center for Applied Economic Research at Oklahoma State University found that:

- Economic impact estimates indicate that each additional \$1 million spent on deep oil and gas drilling in the state provides employment for six oil and gas workers with annual earnings of \$282,000. Through multiplier effects, these direct impacts from drilling support an estimated 8.5 additional jobs statewide with earnings of \$265,000;
- Royalty payments are significantly higher due to the greater production rates experienced with deep wells. 118 deep wells sampled in the study produced \$65.7 million in royalty payments in 2004, or more than \$550,000 per well. In comparison, the wells in the sample below 15,000 feet produced an average of only \$72,000 per well in 2004 royalty income;
- Since 1950, Oklahoma producers have extracted oil and gas valued at more than \$200 billion from the state's producing fields – approximately \$117 billion in natural gas and \$87 billion in oil. The oil and gas industry is Oklahoma's largest single industry in terms of output, generating more than \$11.5 billion in output from production and an additional \$3.5 billion from drilling and exploration annually;
- More than 2,000 firms comprise Oklahoma's oil and gas industry, providing employment for more than 58,000 wage and salary and self-employed workers (2.5 percent of the total state workforce) and generating more than \$2.5 billion in income annually; and
- The oil and gas industry also contributes a significant amount of severance tax revenue to support government programs. Oil and gas producers have paid more than \$400 million annually in Oklahoma gross production taxes on average the past 15 years, accounting for between 5 and 10 percent of total state tax revenue in recent years.

To encourage the Seattle Supersonics NBA team to make a permanent move to Oklahoma City, the Legislature passed **SB 1819**. The bill expands the Oklahoma Quality Jobs Program Act to include professional sports teams, allowing the teams to qualify to receive a rebate of a portion of payroll taxes, if the team's payroll reaches a \$2.5 million threshold for new direct jobs. The

rebate is expanded to 15 years for professional sports teams. Shortly after the bill was signed, NBA owners voted to approve the Sonics' relocation to Oklahoma City.

In an effort to expand the state's economy among existing industries, the Legislature passed **SB 1891** which extends the Oklahoma Quality Jobs Incentive Leverage Act. The measure continues a program which allows rebates received by the tire industry companies to be used for the debt service of physical plant improvement bonds issued by the Oklahoma Development Finance Authority. The debt of the first bond must be retired between 2013 and 2017. The bill also authorizes a second bond, provided the investment project is at least \$100 million for each company and no more than \$250 million per company.

SB 2153 also expands the Oklahoma Quality Jobs Program to include other industries that may apply for incentive payments. The bill is further discussed in the Business and Finance section.

To support the vital impact and safeguard the presence of Oklahoma's military bases, the Legislature passed **SB 1943** to include counties as qualified issuers of bonds for financing efforts as allowed by statute. The measure permits bonds issued by the Oklahoma Development Finance Authority to be used for capital projects and to cover obligations of a qualified issuer.

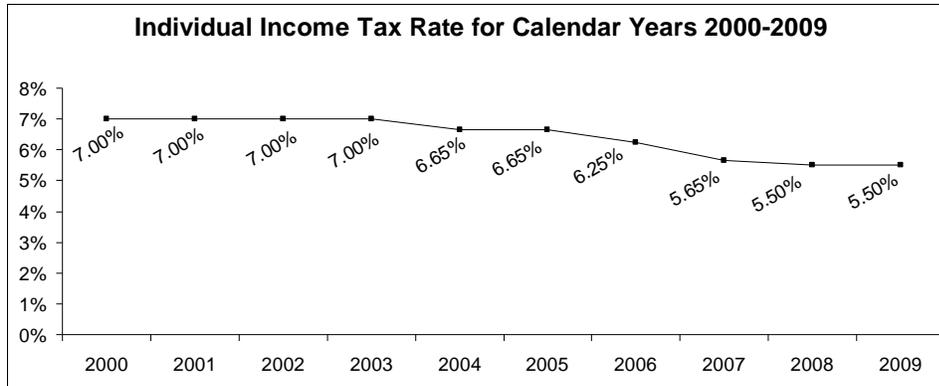
The Legislature succeeded in securing further incentives to enhance and develop tourism in Oklahoma. **SB 1956** provides that the production of digital media is an eligible activity for the incentive under the income and sales tax credit programs. The measure makes eligibility for the incentives contingent upon meeting certain expenditure thresholds. The bill also increases benefits under the Film Enhancement Rebate Program by increasing the rebate for documented expenditures from 15 percent to 17 percent.

Income Tax

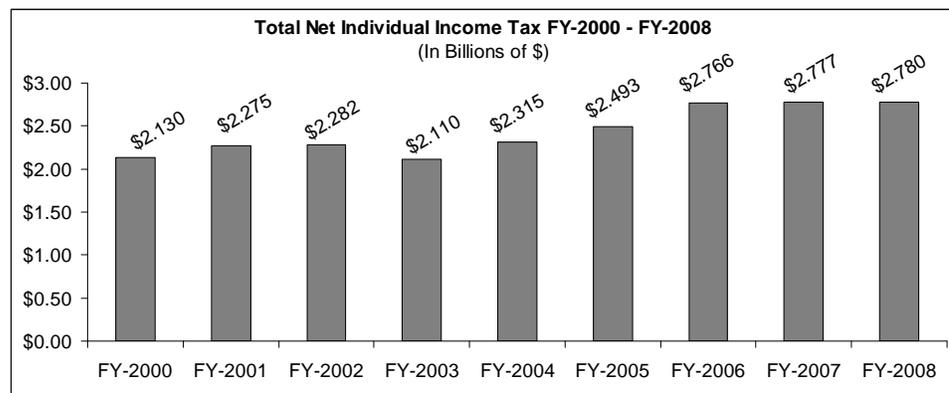
The Legislature continued a program which encourages the responsible use and removal of poultry litter. **HB 1387** extends the current \$5 income tax credit per ton of poultry litter purchased and transported from certain areas to be in effect until December 31, 2009. The measure increases the income tax credit to \$10 per ton beginning January 1, 2010.

To clarify existing statutes pertaining to the income tax trigger enacted in 2007, the Legislature passed **SB 1511**, stating the revenue growth analysis by the Board of Equalization, required for the current 5.5 percent income tax rate to drop to 5.25 percent, must occur every year until the growth level is reached to allow for the reduction.

The charts on the following page show the income tax rate changes and the individual income tax collections over the past several years. Although the rate has been cut over the last six years, the total net income tax collected has increased.



Source: Oklahoma Tax Commission



Source: Oklahoma Tax Commission

To encourage the use of alternative powered vehicles, the Legislature passed **SB 1558**, extending the sunset provision for the qualified clean-burning motor vehicle fuel property conversion tax credit and for the qualified electric motor vehicle tax credit from January 1, 2009, to January 1, 2010.

SB 1799 modifies the annual limit for the income tax credit for railroad modernization. This tax credit was first available in 2007. Current law allows up to a \$2,000 income tax credit per mile of track owned or leased. **SB 1799** provides the option to increase the tax credit to \$6,000 per mile of track provided the taxpayer may only claim one-third of the credit over a three-year period beginning in the 2009 tax year.

To ensure better operation and effectiveness of the income tax credit for rehabilitation expenditures on certain historic properties, the Legislature passed **SB 1956**. The bill modifies procedures for transferring credits, allowing the completion of a transfer agreement, once the transferor files the written credit transfer agreement with the Tax Commission. The measure also requires the Tax Commission to track transferred credits and limits the tax liability of subsequent transferees. Finally, **SB 1956** also expands an existing income tax credit for production of biodiesel by authorizing a five-year carryover of unused tax credits.

Continuing the careful consideration and management of existing tax credits, the Legislature passed **SB 2129**, amending the Small Business Capital Formation Incentive Act. The purpose of the changes is to verify that taxpayer dollars are wisely utilized for successful programs. The

definition of *Oklahoma business venture* now includes working capital, but excludes consulting, brokerage, or transaction fees as a qualified expense to meet the 50 percent expenditure requirement. The measure also requires that a shareholder, partner, or member to whom a credit is allocated from an investment made with borrowed funds is required to have an unlimited and continuing legal obligation to repay the borrowed funds. The clarifying language aims to ensure that only those with actual capital investment and personal risk benefit from the tax credits offered for investment. Other changes in the bill are intended to restrict the use of the act to serious investors who are intent on establishing enterprises that will provide new, high paying jobs in Oklahoma.

Sales Tax

The Legislature provided targeted sales tax exemptions through a few omnibus tax bills. **HB 1387** provides the following exemptions or deductions:

- Exempts sales taxes for the Department of Central Services when executing a public construction contract on behalf of the Oklahoma Department of Veterans Affairs;
- Expands an existing sales tax exemption for a nonprofit organization that provides funding for the preservation of wetlands and habitat for ducks;
- Expands an existing sales tax exemption for a nonprofit organization that provides funding for the preservation of wetlands and habitat for turkeys;
- Exempts sales taxes for a nonprofit organization that provides funding for scholarships in the medical field;
- Exempts sales taxes for a construction project for a nonprofit organization that provides end-of-life care for low income people;
- Exempts sales taxes on the sale of admission tickets by a nonprofit organization which provides funding for hospitals;
- Exempts sales taxes for a nonprofit organization supporting a wide range of firearms-related public interest activities including those of the National Rifle Association of America; and
- Authorizes a deduction from gross receipts for bad debts when calculating rental tax that is due.

SB 1511 provides the following exemptions:

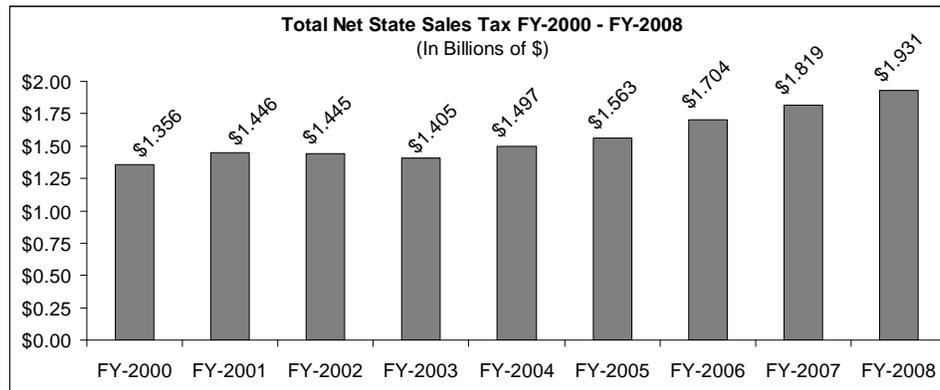
- A sales tax exemption for sales of tangible personal property or services to the Central Oklahoma Master Conservancy District; and
- A delay of the implementation of destination sourcing to florists for one year. Florists will be required to comply with sourcing guidelines on January 1, 2010, instead of January 1, 2009.

SB 1956 provides the following exemptions:

- A sales tax exemption for sales to and by local public or private school foundations; and
- A sales tax exemption for sales of rolling stock (railroad locomotives, autocars and freight cars).

Revenue and Taxation

The following chart indicates that the total amount of sales tax collections has steadily increased over the same period of time as the income tax rate reductions.



Source: Oklahoma Tax Commission

Miscellaneous Revenue and Taxation

The Legislature passed the following additional measures relating to revenue and taxation:

- **SB 1511** eliminates the concerns of county sheriffs and district attorneys regarding storage space and associated county administrative costs and duties with regard to cigarette and other tobacco products forfeiture proceedings. The bill authorizes the Tax Commission to quickly process seized items, sell seizures, and, if necessary, promptly destroy useless items such as seized cigarettes.
- **SB 1148** increases from \$5,000 to \$50,000 (or 90 percent of the account balance, whichever is greater), for the 2008 tax year, the allowable limit of deposits of money which may be released or paid out by institutions from the account of a deceased person without notifying the Oklahoma Tax Commission. The allowable limit increases to \$100,000 for subsequent tax years.
- **HB 1387** establishes a new method to arrive at an average price of both oil and gas for the purpose of determining the gross production tax rebate. The new procedure provides a more timely method to determine the availability of tax rebates, which are based upon the price of both oil and gas. The bill allows the industry a method to track prices and plan accordingly.
- **SB 1956** is an attempt to minimize the impact of the use credits against insurance premium tax owed. The bill provides that any credit authorized after July 1, 2008, may not be used to reduce the dedicated funds to be apportioned to the Firefighters Pension and Retirement System, the Police Pension and Retirement System, and the Oklahoma Law Enforcement Retirement System.
- **HB 3326** authorizes the Tax Commission to begin a license plate reissue. Many states reissue license plates every ten years, but it has been approximately 20 years since Oklahoma has done so. Law enforcement is concerned about public safety because of

faded and outdated tags. The Tax Commission has projected the following costs and collections related to the license plate reissue:

- Approximately 3.1 million newly designed license plates will be reissued at a cost to the state of \$1.95 each, totaling \$6 million;
 - Revenue collection is expected to be \$6.2 million (one-half in FY-09 and one-half in FY-10); and
 - An additional \$2.1 million will be generated from a fee of \$15 for reserving a license plate number.
- **HB 3354** sends a ballot measure to be approved by a vote of the people of Oklahoma prohibiting a person or a business from filing for a late property tax exemption for a prior tax year. The purpose of the proposal is to aid counties in budget and planning efforts.

Tourism and Recreation

The primary focus in the area of tourism and recreation was the Oklahoma Tourism and Recreation Department. Two measures address the operations of the department.

SB 1855 directs the department to deposit money received within seven days or when receipts equal or exceed \$500, whichever occurs first.

SB 1872 clarifies the role of the ex officio member of the Tourism and Recreation Commission, who according to statute is the Lieutenant Governor. Also, the measure prohibits any member except the ex officio member from seeking election to a federal, state, or county office while serving on the commission. The measure also establishes the *Oklahoma Today* magazine division within the department and exempts design, production, graphic art, and direct mail activities by the magazine from the Oklahoma Central Purchasing Act.

A final measure, **HB 2970**, will make visiting state parks and museums even more enticing because it waives admission fees for Oklahoma veterans.

Transportation

Transportation issues were again at the forefront of the legislative session. To assist the Department of Transportation (ODOT) in continuing its efforts to maintain and rebuild Oklahoma's infrastructure, **HB 2272** authorizes the Oklahoma Capital Improvement Authority to issue bonds of no more than \$150 million no earlier than August 1, 2009, and another \$150 million no earlier than August 1, 2010. The purpose of the two bond issuances is to provide financing for the construction, maintenance, and improvement of those state highway and state bridge assets identified in the Oklahoma Transportation Commission Work Plan for the federal fiscal years 2007 through 2014. The infusion of additional resources fully funds ODOT's eight-year construction plan, addressing the backlog in state road and bridge maintenance projects. The bill removes the current 3 percent trigger that governs annual incremental allocations to the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund and raises the cap on the fund from \$270 million to \$370 million. The bill requires the Legislature to apportion \$30 million annually to the ROADS Fund to be used to pay off the bond indebtedness. The \$30 million allocation to the ROADS Fund will continue each year until a base of \$370 million is reached, and thereafter the fund will receive annual allocations of \$370 million. The influx of monies will allow ODOT to receive more than \$2.3 billion in allocations between FY-08 and FY-16 to be used for road and bridge construction and repair.

Counties have a new source of emergency funding with the enactment of **HB 2381**. The measure creates the Emergency and Transportation Revolving Fund for counties seeking funding for emergency transportation related needs. The bill transfers \$25 million from the State Highway Construction and Maintenance Fund overseen by ODOT to the Emergency and Transportation Revolving Fund that will be utilized by the counties for road and bridge improvements resulting from a natural or man-made disaster. The Statewide Circuit Engineering Board is required to develop and adopt rules governing the application and qualifications for counties seeking funding. Oklahoma's weigh stations will also receive a much needed infusion of money to improve and rebuild the ports of entry. **SB 1423** transfers \$500,000 per month from the Petroleum Storage Tank Indemnity Fund to the Weigh Station Improvement Revolving Fund. Once the fund reaches \$51 million, the monthly apportionment will return to the Indemnity Fund. A final measure, **SB 1374**, includes authorizations of \$25 million each for Tulsa area dam and bridge improvement, construction on the Native American Cultural and Education Center, and for the rehabilitation of flood control dams maintained by the Conservation Commission. The commission will use a large portion of the proceeds to obtain federal matching funds for this effort.

The Transportation Commission is given the authority to sell surplus lands under the provisions of **SB 1479**. The commission must offer to sell the surplus property to the person, firm, or corporation which originally conveyed the property to the commission. The price of sale is to be for an amount not greater than that for which the property was originally obtained by the commission for a period of five years from the original taking. Following that period, the sale of such property may be offered at fair market value. Also, the bill names two bridges and one highway. For more information on bridge and highway designations, see the following chart.

Transportation

Bill Number	Name	Location
SB 1155	Duty Rowe Scenic Route 115	Portion of State Highway 115 in Comanche and Kiowa Counties
	John Adams and Arlie Harrill Memorial Bridges	Four Bridges crossing the Walnut Bayou in Love County
	Private First Class Cody Montana Carver, U.S. Army 3rd Infantry Division Memorial Bridge	State Highway 62 south of Haskell
	Representative Jim L. Barker, Speaker of the Oklahoma House of Representatives Memorial Highway	State Highway 64 between Muskogee and Keefeton
	U.S. Army Staff Sergeant Ruben Rivers Highway	Portion of State Highway 9 in Pottawatomie County
	SPC. Ross Hunter Duncan Memorial Highway	Portion of Interstate 35 in Noble and Payne Counties
	OHP Lt. J.C. Burriss Memorial Highway	Portion of State Highway 105 in Logan County
	Zach D. Taylor Jr. Memorial Interchange	Interstate 235 and North 36th Street in Oklahoma City
SB 1479	Richard L. Huddleston Memorial Bridge	State Highway 74 crossing Bloody Rush Creek
	U.S. Army Staff Sergeant Billie Hall Memorial Highway	Portion of State Highway 151 in Tulsa County
	Representative Ron Langmacher Bridge	State Highway 9 crossing Washita River
HB 2691	Staff Sergeant Billy M. Castleberry Memorial Highway	U.S. Highway 177 in Johnston County
	PFC Glenn W. Page Memorial Bridge	State Highway 31 crossing Salt Creek
	Pvt. Everett C. (Bud) Ward Memorial Bridge	State Highway 31 crossing Keel Creek
	OHP Lt. Pat Grimes Memorial Bridge	State Highway 97 crossing the Arkansas River
	P.O.W./M.I.A. Memorial Bridge	U.S. Highway 60 crossing the Arkansas River
	PFC Danny Leo Evans Memorial Bridge	State Highway 7 crossing western portion of Clear Boggy Creek
	SPC4 Benny Joe Lewis Memorial Bridge	State Highway 7 crossing eastern portion of Clear Boggy Creek
	Kelly Downing Memorial Highway	Portion of State Highway 251A in Wagoner County
	Oklahoma Panhandle Vietnam Veterans Memorial Highway	U.S. Highway 83 in Beaver County
	Cp. Bryan J. Scripsick Memorial Bridge	State Highway 77 crossing the Washita River
	Veterans Memorial Highway	Portion of U.S. 69 in Wagoner County
	A.C. Hamlin Parkway	Portion of Interstate 35 in Logan County
	SGT Jonathan Paul Dragus Memorial Highway	Portion of State Highway 3 in Oklahoma County
	Ronald Glenn Bridge	State Highway 59 crossing Cedar Creek

Three measures impact the bid procedures for ODOT and the Oklahoma Turnpike Authority (OTA). **HB 2240** provides that ODOT is to receive not less than 10 percent of the contract price between the contractor and advertiser on contracts for service information signs and advertising logo signs. Currently, ODOT is authorized to receive up to 10 percent. **SB 1181** deletes the \$250,000 limit relating to demand service contracts for consultant services by ODOT and OTA. The third measure, **SB 1900**, increases the length allowable for OTA road projects that constitute surface treatment only from eight miles to twenty miles and raises the maximum bonus amount for OTA and ODOT job safety recognition awards from \$100 to \$200.

A related bill, **HB 3335**, provides that ODOT must initiate a review of the Oklahoma Administrative Code as it relates to the acquisition and disposal of real property needed for the construction and maintenance of highways and facilities and as it relates to highway advertising control. The measure also modifies how the department determines advertising sign placement by authorizing it to allow sign placement in counties with a population of 500,000 or more.

Miscellaneous Transportation Measures

In other measures relating to transportation:

- **HB 2231** deletes the requirement that the location of section and quarter section corners within the right-of-way of state highways be identified with bronze surface markers.
- **HB 2474** creates new punishments for persons who endanger the lives of highway workers. Under provisions of the bill, persons convicted of committing the offense of endangerment to a highway worker are subject to a fine up to \$1,000, if no injury to a highway worker resulted from the offense. Persons convicted for committing the offense of aggravated endangerment to a highway worker, where the highway worker is injured is subject to a fine up to \$5,000. If the highway worker is killed, the offender is subject to a \$10,000 fine.
- **HB 3193** exempts wrecker and tow vehicles from the oversized or overweight restrictions if the wrecker or tow vehicle is removing disabled, abandoned, or accident damaged vehicles and the operator is transporting to the nearest authorized place of repair or storage. The bill also requires drivers to yield the right-of-way and proceed with caution when approaching a wrecker or tow vehicle that is displaying flashing lights.
- **SB 1392** removes the Trucking One-Stop Shop Fund from being subject to legislative appropriation, which would make it similar to other revolving funds. The measure allows money from the fund to be spent for the additional purpose of immediately responding to emergency situations within the Corporation Commission's jurisdiction.
- **SB 1505** provides that a prequalification to bid or perform work on a public project does not constitute a license and that prequalification does not serve as a substitute for a license otherwise required by law.
- **SB 1506** prohibits the opening of public highways by a board of county commissioners or ODOT upon a segment of section line which is not already open and in use as a public highway or which is not in reserve status.

Veterans and Military Affairs

The Legislature continued its commitment to addressing the needs of Oklahoma Veterans.

Awards and Recognition

The Legislature considered three measures intended to further enhance existing state recognition of veterans and honor individual veterans for acts of bravery. One way veterans are honored is through Celebrate Freedom Week occurring the week of November 11 in Oklahoma's public schools. Celebrate Freedom Week provides an opportunity for students to study and honor the struggles and sacrifices of America's veterans. **HB 2229** was enacted to assure that the curriculum standards for this week will be grade-level appropriate. **HB 3100** creates the Oklahoma Legislative Medal of Honor. The medal will be awarded to a member of the military forces who voluntarily performs a deed of personal bravery or self-sacrifice involving risk of life. The bill limits the award to one individual per legislative session. **SB 1970** creates the Oklahoma Medal of Freedom which can be awarded to any person deemed eligible by the Adjutant General.

Benefit Enhancements

Three measures were enacted this session to further enhance the benefits of veterans. **HB 2970** grants all honorably discharged veterans who are residents of Oklahoma free admission to all state parks and museums. **HB 3397** clarifies who is eligible for the guaranteed tuition rate program. The bill allows a student who is a member of the United States Armed Forces and is called to duty has the option to return to the institution in which the student was enrolled at the same tuition rate. See the Education section for further information on this bill. Finally, the Legislature also showed its strong support for military families by passing **HJR 1093** which urges the United States Department of Defense and the United States Department of Labor to include the State of Oklahoma in the Military Spouse Career Advancement Initiative program. The program provides certain educational and training opportunities to spouses of active duty military personnel.

Base Improvements

The Legislature continued to position Oklahoma bases as the top bases in the United States. **SB 1943** provides further flexibility for financing efforts for the Military Base Protection and Expansion Incentive Act. The measure allows funds from a bond issue by the Oklahoma Development Finance Authority to be used for the following:

- Military Base Protection and Expansion Act capital projects;
- To transfer or refund bonds or other obligations of a qualified issuer;
- To fund necessary bond reserves; and
- To pay costs of issuance of any obligations issued under the act.

Wildlife

Wildlife and hunting legislation this year focused on expanding opportunities and accessibility for hunting in Oklahoma. For example, the Oklahoma Department of Wildlife Conservation will be offering a five-year hunting permit. Children are encouraged to spend time outdoors and learn about hunting by allowing apprentice hunting permits to be granted at a younger age.

Crossbows are easier to aim than longbows and require less upper body strength to operate. Prior to 2008, only permanently disabled hunters were allowed to use a crossbow instead of a long bow. **HB 2226** allows hunters 60 years and older to be eligible for a crossbow permit.

HB 2667 permits legal residents who have resided within the state for at least six months to purchase five-year fishing, hunting, or combination hunting and fishing licenses. A five-year fishing or hunting license is \$75; combination licenses are \$135.

HB 2735 increases the rate for a resident fur dealer's license from \$25 to \$100. The rate for a nonresident fur dealer's license will be equivalent to that of the home state of the applicant. However, if no equivalent exists in that state, the fee for an Oklahoma nonresident fur dealer's license is \$300. This bill also reduces the minimum age limit for apprentice hunting from 16 to 10 years of age.

In an effort to attract hunters from out-of-state, **HB 3164** allows pheasant to be hunted with a five-day nonresident hunting license and raises the fee for a five-day nonresident hunting license from \$41.50 to \$69.

HB 3268 was enacted in part to deal with the problem of deer being illegally taken on isolated stretches of turnpike by use of a spotlight. To address this issue, the measure allows the Department of Wildlife Conservation to enter into an agreement with the Department of Public Safety to perform law enforcement duties on state turnpikes.

While the population of the prehistoric paddlefish is not endangered, the fish are concentrated in limited areas of Oklahoma. As a result of the dwindling sturgeon population and pollution of the Caspian Sea, the demand for other sources of caviar has significantly increased. Since paddlefish eggs are similar to sturgeon eggs, demand for paddlefish has also increased. **HB 3365** protects Oklahoma's paddlefish to prevent exploitation and ensure a sustained resource. The bill restricts the quantity of paddlefish eggs one may possess and significantly increases fines for violations. The bill specifies that no person may take paddlefish eggs or paddlefish with viscera out of the state.

Since the development of Internet hunting in 2005, 38 states have banned this practice. **SB 1463** prohibits computer-assisted remote control hunting, providing an exception for permanently disabled persons.

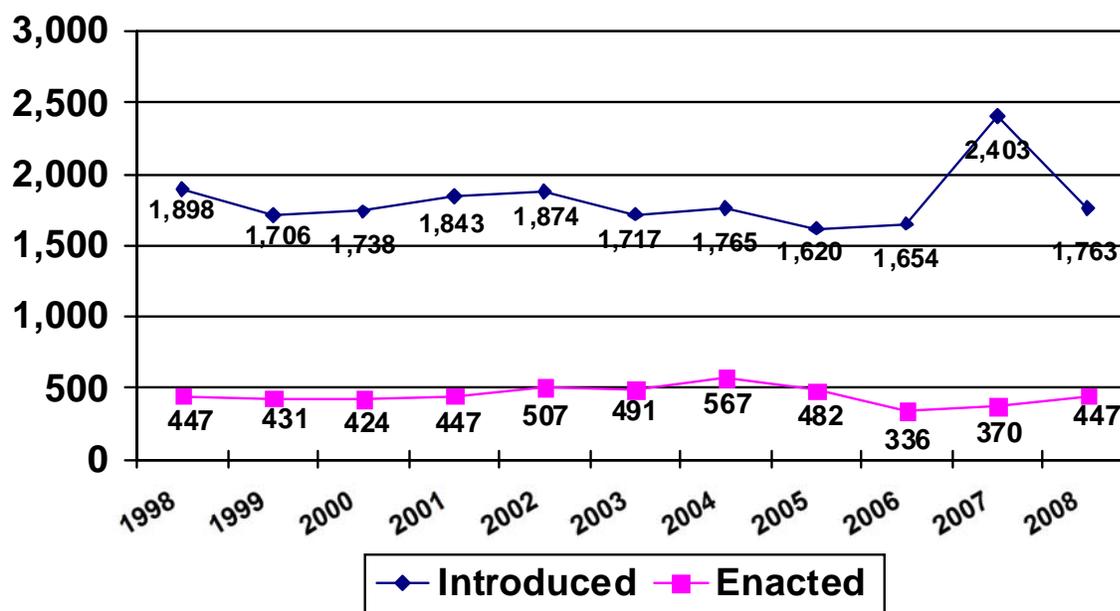
SB 1734 removes residency requirements for commercial hunting area license applicants. The measure makes it unlawful to enter commercial hunting areas without permission or attempt to take cervidae (e.g., deer, elk) or wildlife out of the area. The bill also allows an owner or operator of a commercially licensed hunting facility to transport cervidae from one in-state hunt facility to another without a permit issued by the Department of Wildlife Conservation.

SJR 38 refers to a vote of the people an amendment to the Oklahoma Constitution that asserts the right of Oklahoma citizens to engage in hunting, trapping, and fishing, subject only to reasonable regulation as prescribed by the Legislature and the Wildlife Conservation Commission.

Finally, **HB 2544** removes restrictions on fees for special use permits and eliminates most exemptions to the permit. This will allow the Wildlife Conservation Commission to set the permit fee.

Appendix 1 Legislative Production 1998-2008

Measures and Joint Resolutions Introduced and Enacted*



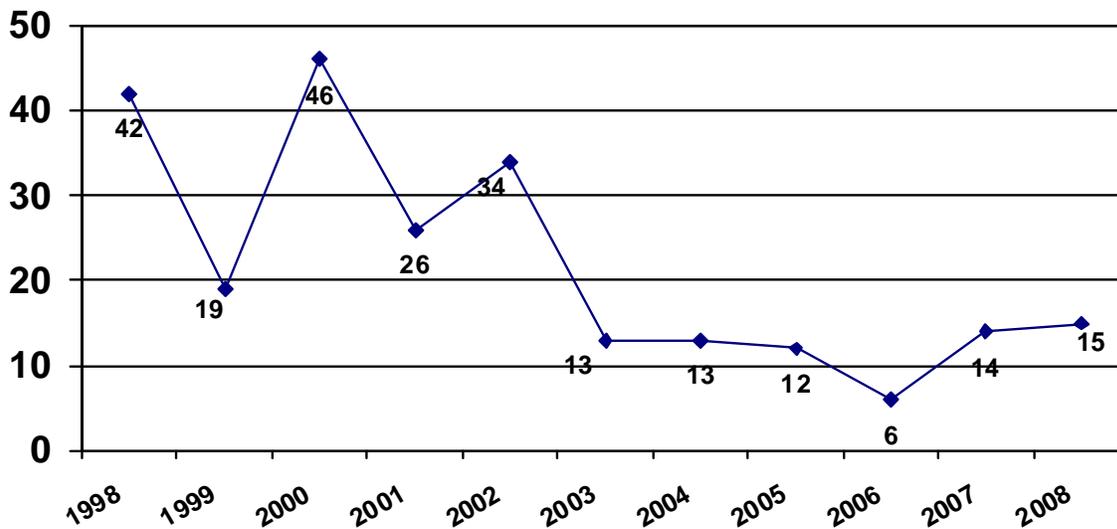
* Does not include concurrent and simple resolutions or measures filed or enacted during any special sessions.

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 1998-2008

During the 2008 legislative session, the Governor vetoed 15 measures, two of which were line-item vetoes on appropriation measures. This is consistent with the number of gubernatorial vetoes over the past five years (see graph below). One measure vetoed by the Governor, **SB 1878**, was overridden by the Legislature. This marks the first time in 14 years that the Governor's veto has been overridden by the Legislature.



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

Following is a brief description of the 15 bills vetoed by the Governor along with the Governor's veto message.

HB 2247 changes the name of the Oklahoma State University Technical Branch at Okmulgee to the Oklahoma State University Institute of Technology at Okmulgee.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2247 because it

is duplicative of SB 1442. All of the language in this bill is contained in SB 1442, which I have signed.

HB 2458 creates the Hospital Infection Rate Information Act and adds a definition of persons considered employees of the state for the purposes of the Governmental Tort Claims Act. This definition is changed to all individuals licensed to practice medicine, who are under an administrative professional services contract with the Oklahoma Health Care Authority (OHCA) under the auspices of the OHCA Chief Medical Officer, and is limited to performing administrative duties.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2458. House Bill 2458 is in direct conflict with a recent Oklahoma Supreme Court decision and therefore, is unconstitutional. In an 8-1 decision in 2006, the state's highest court ruled that the cost associated with certificates of merit placed an undue financial burden on citizens seeking access to justice and served as a barrier to their constitutional rights. I support efforts to reduce frivolous lawsuits, but because the court has already spoken clearly on the certificate of merit issue, enacting this measure would have been a wasteful exercise in futility.

HB 2547 amends statute to increase from \$250 to \$500 the amount a person is subject to being fined for willfully trespassing on land primarily devoted to farming, ranching, or forestry. Language is also added that gives a court permission to forfeit, for the period of a year, the violator's hunting or fishing license.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2547. This bill conflicts with and, thus, renders void SB 2111 signed into law earlier this session. Additionally, the bill is poorly drafted, providing no cap on the fine for the first offense of trespass and further creates a vague, ambiguous and confusing patchwork of trespass laws that could ensnare the unsuspecting, but honest, hunter, fisherman, or outdoorsman.

HB 2633 contains two components dealing with education. The first element of the bill establishes the Oklahoma School Testing Program Act, requiring that the State Board of Education set the testing window dates for each end-of-instruction criterion-referenced test. The second element allows for the creation of the Religious Viewpoints Anti-Discrimination Act, requiring schools to treat students who voluntarily express religious viewpoints the same as students expressing secular viewpoints on the same subject.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or

object to legislation presented to me, I have VETOED House Bill 2633. Under current state and federal law, Oklahoma public school students are already allowed to express their faith through voluntary prayer and other activities. While well intended, this legislation is vaguely written and may trigger a number of unintended consequences that actually impede rather than enhance such expression. For example, under this legislation, schools could be forced to provide equal time to fringe organizations that masquerade as religions and advocate behaviors, such as drug use or hate speech, that are dangerous or offensive to students and the general public. Additionally, the bill would presumably require school officials to determine what constitutes legitimate religious expression, subject them to an explosion of costly and protracted litigation that would have to be defended at taxpayers' expense.

HB 2642 establishes minimum training requirements for personal home care assistants and requires them to complete agency-based personal care training that is supervised by a registered nurse. In addition, this bill prohibits the employment of a personal care assistant who has not passed a criminal history background check or who is listed on the DHS Community Services Worker Registry.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2642. While I support increasing the number of home health care workers to assist the elderly and disabled, this legislation reduces the training requirements for such personnel and may inadvertently put patients at risk. We must be very vigilant when it comes to caring for the elderly and infirm, and this legislation falls short of providing necessary safeguards.

HB 2791 removes the requirement that applicants for a commercial hunting area license submit proof of Oklahoma residency. Additionally, a person that enters a commercial hunting area without permission shall be guilty of trespass and fined not more than \$250. A person that enters a commercial hunting area without permission and takes or attempts to take wildlife shall be deemed guilty of a felony and shall be fined not less than \$1,000 and not more than \$5,000.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2791. While this legislation is well-intended, it contains two critical flaws. First, it makes felons out of otherwise innocent hunters who commit a simple trespass. The current laws on trespass, which provide for a misdemeanor, jail time and steep fines, as well as damages for injury or waste to property, are sufficient. Second, the measure could endanger public health by authorizing the hunting of animals from helicopters and airplanes. It would be best to thoroughly and thoughtfully study this concept in an interim study before enacting a law.

SB 1599 provides additional penalties to persons who have had their driver license suspended or revoked and are involved in a personal injury accident.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1599. While this legislation is well-intended and I am supportive of reasonable sanctions for traffic offenses, this bill is vague and duplicative of existing law. In particular, Section 5 of the bill goes too far and could make felons of otherwise innocent people. Under this provision, some drivers could face a mandatory prison term even if they were not at fault in an injury accident. For that reason, I had no choice but to veto this legislation.

SB 1024 creates the School Protection Act, which provides liability protection to educators. Persons over 18 years of age who make false accusations against an education employee are guilty of a misdemeanor. However, if the person is between the ages of 7 and 17, the court has the discretion to determine punishment. If the educational entity or employee prevails, court costs and reasonable attorney fees shall be awarded to the defendant(s).

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1024. While I am supportive of the overall intent of this legislation, Section 5 of the bill is constitutionally flawed in that it dispenses unequal treatment to parties that are guaranteed equal treatment under the law. That section would require only one side in a legal action, the plaintiff, to pay their adversary's attorney's fees if they did not prevail in their case. Defendants, however, face no such sanction in a losing cause, providing them with an unjust advantage over the plaintiff. Because this legislation treats equal parties unequally, it is constitutionally infirm.

SB 1842 transfers all powers, duties, and responsibilities of the Special Agency Account Board to the Office of State Finance. All records, property, and matters pending of the Board would also be transferred to the Office of State Finance.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1842. Section 3 of this bill is ambiguous, eliminates competition, and discriminates against organizations with less than 2,000 members that currently collect dues through a voluntary payroll deduction.

SB 1865 is the Accountability and Innovation Act that requires conducting performance audits and reviewing tax incentives to ensure that taxpayer funds are being used efficiently and effectively and that state agencies are using the best practices available. This act creates the

Joint Committee on Accountability and Innovation as well as an Office of Accountability and Innovation within the Legislative Service Bureau that will conduct annual performance audits on state agencies as specified by law or designated by the Committee.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1865. While it is critical for the state to conduct regular performance reviews of state agencies and programs, state law already assigns those responsibilities to the Oklahoma Legislature, the Office of State Finance and the State Auditor and Inspector. Creating a new layer of bureaucracy to perform the same duties is duplicative and unnecessarily increases the size and cost of government. In 2003, the Legislature established a joint zero-based budgeting committee, also known as the Legislative Oversight Committee on State Budget and Performance, to conduct state performance reviews. State law specifically charged it with reviewing a specified number of agencies and programs each year. Rather than establish a new state entity, the Legislature should use the existing zero-based budgeting committee to conduct performance reviews and accountability assessments not already duplicated by other state entities.

SB 1869 amends the current statutes to provide a sunset date of July 1, 2012, for the Legislative Oversight Committee on State Budget Performance.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1869. While I wholeheartedly support the provisions of this legislation giving the EDGE endowment greater flexibility with carryover funds, I cannot support the balance of the legislation because it guts the state's zero-based budgeting law by abolishing the Joint Legislative Committee on Budget Program Oversight. The zero-based budgeting statute was overwhelmingly approved by the Legislature in a bipartisan vote in 2003 and can be a critical tool in making government more efficient and effective. While lawmakers have fallen behind on their zero-based budget work and their compliance with the law, abolishing the committee in question does nothing to reform state government or help the taxpayers of Oklahoma.

SB 1878 takes several pro-life measures and incorporates them into the Freedom of Conscience Act. Among the measures is a new law that forbids an employer from discriminating against an employee who refuses to participate in procedures that are at odds with his or her religious beliefs. These procedures include abortion, embryonic stem cell research, and assisted suicide, but do not include prescribing birth control. Employers also may not discriminate against hiring someone who refuses or intends to refuse to participate in any of these procedures. This bill also prohibits anyone other than a physician from giving RU-486 to induce an abortion, requires an obstetric ultrasound to be performed prior to any abortion, and requires physicians performing

abortions on a minor to inform her that no one can force her to have an abortion without her consent. SB 1878 was vetoed by Governor Henry; however, the Governor's veto was overridden by the House (81-15) and Senate (37-11).

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1878. While I support reasonable restrictions on abortion, this legislation does not provide an essential exemption for victims of rape and incest. By forcing the victims of such horrific acts to undergo and view ultrasounds after they have made such a difficult and heartbreaking decision, the state victimizes the victim for a second time. It would be unconscionable to subject victims of rape and incest to such treatment. Because of this critical flaw, I cannot in good conscience sign this legislation.

SB 1880 extends the expiration date of the Achieving Classroom Excellence II Task Force to November 30, 2008.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED Senate Bill 1880. The ACE II Task Force has completed its work, issued its final report and was terminated by operation of law on December 31, 2007. There is no reason to reconstitute this task force. To do so, particularly for just a six-month period as proposed by this legislation, would be an unnecessary and wasteful use of taxpayer dollars.

THE FOLLOWING WERE LINE-ITEM VETOES:

HB 2286 is an appropriations act relating to the Ethics Commission.

Governor's Veto Message

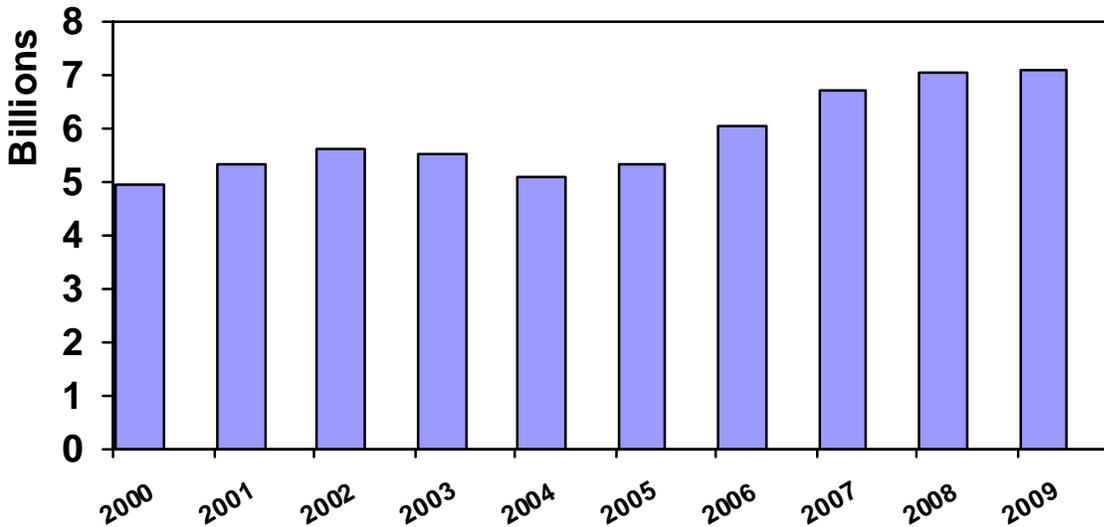
This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED all of Section 3 in House Bill 2286. This line item unnecessarily restricts the Ethics Commission's ability to manage its own budget and could, in fact, cost the commission significant funds to modify the referenced software. In order to fulfill its constitutional duties, the commission should be given the flexibility to direct these funds where they are most needed.

SB 1323 is an appropriations measure pertaining to the Department of Corrections.

Governor's Veto Message

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 and 12 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED, in whole or in part, Sections 1 and 5 of Senate Bill 1323. These line items unnecessarily restrict the Department of Corrections' ability to manage its own budget. In order to protect public safety, the department should be given the flexibility to direct dollars where they are most needed at any given time.

Appendix 3 Ten Year Appropriation History 2000-2009



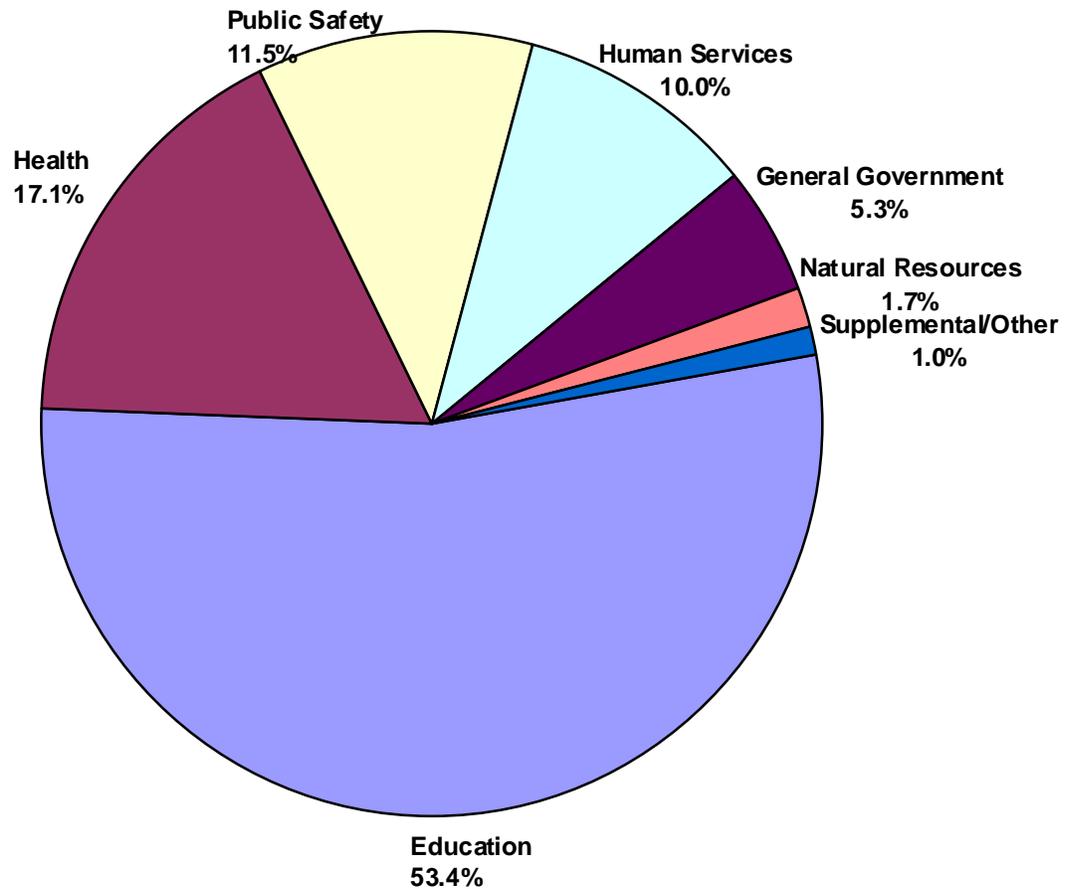
FY-00	\$4,937,170,096	FY-05	\$5,358,101,676
FY-01	\$5,350,656,390	FY-06	\$6,038,003,816
FY-02	\$5,611,514,760	FY-07	\$6,738,268,544
FY-03 (Orig.)	\$5,532,095,223	FY-08	\$7,048,169,281
FY-04	\$5,106,597,024	FY-09	\$7,089,333,227

Notes:

1. These figures include appropriations, pension systems, capital and special projects. Figures exclude supplemental appropriations.
2. Totals also include the Tobacco Settlement Revolving Fund, the Common Education Technology Revolving Fund, the Education Reform Revolving Fund, the Board of Private Vocational Schools Revolving Fund, the Higher Education Scholarship Revolving Fund, the Higher Education Capital Revolving Fund, the Judicial Revolving Fund and the State Transportation Fund.

Source: House Fiscal Division

Appendix 4 Distribution of FY-09 Appropriations



Total Appropriations = \$7,089,333,227

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

Source: House Fiscal Division

Appendix 5 State Questions

Question	Authorizing Document	Subject	Status
735	HB 1808 2007 Session	Exemption for household personal property for certain disabled veterans	Pending Governor's Election Proclamation
737	Initiative Petition	Prohibits discriminating against or granting preferences to any individual or group on the basis of race, sex, color, ethnicity, or national origin in public employment, public education, and public contracting by the state or any of its agencies, institutions, or political subdivisions	Motion to Withdraw Petition filed with Supreme Court 4/4/08, Supreme Court Order interested parties to show cause within 15 days of the date of the order why should not be withdrawn as abandoned and dismissed.
741	HB 3354 2008 Session	Ad Valorem Taxation – Requires application to be filed for exemption	Pending Governor's Election Proclamation
742	SJR 38 2008 Session	Rights regarding hunting, fishing, trapping and harvesting game and fish	Pending Governor's Election Proclamation
743	SJR 29 2008 Session	Direct sale of wine to retail package stores and restaurants	Pending Ballot Title Review by Attorney General's office

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