

Bond Case Briefs

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BONDS - OKLAHOMA

In re Oklahoma Development Finance Authority for Approval of Oklahoma State System of Higher Educ. Master Real Property Lease Revenue Refunding Bonds, Series 2013A, 2013F

Supreme Court of Oklahoma - September 24, 2013 - P.3d - 2013 OK 74

The Supreme Court of Oklahoma took up a challenge to several projects concerning the “Master Lease Program” of the Oklahoma State Regents for Higher Education authorized by 70 O.S.2011 §§ 3206.6-3206.6b. This Act enables the Oklahoma State Regents for Higher Education to provide lease financing for colleges and universities which are part of the Oklahoma State System for Higher Education. The Oklahoma Development Finance Authority (ODFA) sought the approval of the bonds which would be used to build various projects.

The court held that bonds issued by the Regents do not violate the balanced budget provisions because the Legislature has no authority to direct the entity’s spending decisions. Because these bonds are payable only by the Regents, they cannot become debts of the state as a matter of law. The Regents have the sole constitutional authority to disburse funds appropriated to them in a lump sum by the Legislature. The Legislature cannot be forced to appropriate funds to repay the bonds because it has no authority to dictate such a specific expenditure to the Regents.