

Bond Case Briefs

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BALLOT INITIATIVE - OKLAHOMA

In re Initiative Petition No. 397, State Question No. 767

Supreme Court of Oklahoma - April 1, 2014 - P.3d - 2014 OK 23

Proponents of initiative to amend state constitution appealed ballot title prepared by the Attorney General regarding proposal to fund storm shelters and campus security for local school districts and career technology districts.

The Supreme Court of Oklahoma held that:

- Proponents were required to file or submit a copy of the petition and a copy of the ballot title to the Attorney General when filing them with the Secretary of State;
- Attorney General had five business days to file response to ballot title after filing with Secretary of State;
- Attorney General's late response was statutorily effective;
- Proponents bore burden to show that the title was clearly contrary to either statutory law or the Oklahoma Constitution;
- Attorney General's ballot title complied with statutory requirements of impartiality and correctness;
- Ninety-day period of time to collect signatures commences when the ballot title appeal is final.

Petitioners' initially proposed ballot title, now the substitute ballot title offered on appeal, states as follows:

This measure amends the Oklahoma Constitution. It adds a new section 44 to Article 10. Bonds could be sold. Up to Five Hundred Million Dollars (\$500,000,000.00) could be available. Bond money would be used for school districts and career technology districts. Bond money would be used for storm shelters or secure areas. State franchise taxes would repay these bonds. If money from franchise tax was not enough, the Legislature could use the General Revenue Fund to repay the bonds. State bond money could be used by school districts or career technology districts to reduce local debt or eliminate local debt incurred for storm shelters or secure areas. If enough money from franchise tax remains after state bonds are paid for, the balance of franchise tax could be used for grants for storm shelters for people and businesses. When state bonds are paid off, additional bonds could be sold to keep the programs funded. Laws would be written for details about using bond money. State agencies could make rules about state bond money. These rules would have the effect of law. The Oklahoma State Constitution is being amended to allow state bond money to pay for shelters and secure areas in schools.

The current ballot title for the initiative, the ballot title prepared by the Attorney General, states as follows:

This measure adds Article 10, Section 44 to the Oklahoma Constitution. The new section authorizes the issuance of up to 500 million dollars in State bonds. The bond money would be used by local school districts and career technology districts for storm shelters and campus security.

The measure does not provide for new State revenues to pay for the bonds. Under the measure the State franchise tax revenues would no longer go into the General Revenue Fund, which is the primary fund used to pay for State Government. Rather, franchise taxes revenues would be used for annual bond payments (principal and interest).

In any year in which the franchise tax revenues are not sufficient to make annual payments, the Legislature, at its discretion, could use General Revenue Fund monies to make the annual bond payment.

In years in which not all the franchise tax revenues are needed to make payments, the remaining franchise tax revenues—with Legislative approval—could be used for storm shelter grants to individuals and businesses.

In authorizing these bond and grant programs, the measure creates exceptions to the Constitution's prohibitions on gifts and the use of the state's credit.