

# An Act

ENROLLED SENATE  
BILL NO. 326

By: Paddock of the Senate

and

Hilliard and Jones of the  
House

An Act relating to schools; amending 70 O.S. 2001, Section 5-145, which relates to local foundations and partnerships; correcting statutory references; removing restriction on deposit of public funds in certain accounts; prohibiting certain transfer of school district funds; requiring certain documentation; prohibiting certain construction; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 5-145, is amended to read as follows:

Section 5-145. A. ~~Local~~ District school boards of education should be encouraged to explore the potential benefits of local foundations and public school/business partnerships as supplements to basic programs publicly funded.

B. No local foundation, as defined in subsection C of this section, shall make, and no public school, public school personnel, or school district shall accept, any gift, grant or donation of real or personal property from any local foundation unless the local foundation complies with the requirements of this section and with such other requirements for such organization as are required by Title 18 of the Oklahoma Statutes.

C. As used in this section, "local foundation" means any company, trust, corporation or association:

1. that solicits money or property in the name of any public school district, public school or public school organization; and

2. which is exempt from federal income taxes or is verifiably and in good faith in the process of obtaining federal tax exemption status pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code. If the local foundation is in the process of obtaining exemption status in accordance with this paragraph, the local foundation may make gifts, grants or donations pursuant to this section provided it has advised the ~~local~~ district board of education of the status of any application for tax exemption and

continues to provide the board such information each year thereafter.

Any local foundation which has been denied such exemption or ceases to qualify for such exemption by the Internal Revenue Service shall not be authorized to function pursuant to this section.

D. Student organizations or club projects whose revenue may be deposited in a school activity fund or account pursuant to Section 5-129 of ~~Title 70 of the Oklahoma Statutes~~ this title shall not be considered "local foundations".

E. Only school districts, public schools, school personnel and students or direct functions of a school district may be the beneficiaries of any awards, grants or other benefits of a local foundation.

F. The board of education of any school district in this state may refuse to accept any donation of real or personal property offered by or through a local foundation and shall have the final authority to accept or refuse to accept any grant or award offered by a local foundation for the benefit of the school district.

G. In order to assure the fairness, objectivity, and integrity of its operations, and that its purposes and policies are consistent with the goals of the State Board of Education, the board of education of the ~~local~~ school district may consider the process used in selecting recipients of benefits or merit awards by any local foundation in deciding whether to accept or reject the gift, grant or donation.

H. No employee of the district shall be a voting member of a local foundation board which is established in that school district. Members of the board of education may serve on the board of a local foundation, but shall not constitute a majority of the members of the board of directors of the foundation. No other elected official of state or local government shall be compensated by the local foundation. The total number of ex officio local foundation members shall be less than the number of voting members of the local foundations. No ex officio member of the local foundation board or employee of the school district shall be compensated by the local foundation for service as an ex officio member of the local foundation.


I. Any local foundation which makes a gift, grant or donation to any school district, public school, or school personnel of this state, regardless of when established, shall make all of its financial records and documents available to auditors who are performing audits of the school district. Such financial records and documents, other than the list of contributors, shall be open for public inspection upon written request by any person.

J. ~~No public funds shall be deposited in any account owned or controlled by a local foundation~~ A public school district shall not directly or indirectly transfer any funds to any local foundation or render services or provide any thing of value to any local foundation without receiving documented adequate payment or

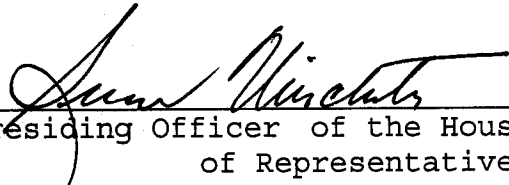
reimbursement therefor according to written contract; provided, nothing herein shall be construed as prohibiting payment by the district of claims for expenses of fund-raising for the benefit of the district if such fund-raising activities are approved in advance by the district board of education and made a part of the minutes of the meeting of the board.

SECTION 2. This act shall become effective September 1, 2005.

Passed the Senate the 20th day of May, 2005.

  
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Presiding Officer of the Senate

Passed the House of Representatives the 25th day of May, 2005.

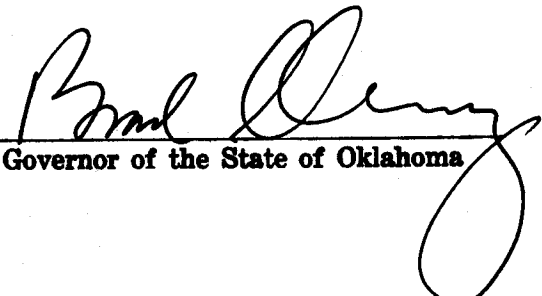
  
\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

**OFFICE OF THE GOVERNOR**

Received by the Governor this 26  
day of May, 20 05,  
at 1:10 o'clock P M.

By: Blain Laddis

Approved by the Governor of the State of Oklahoma the 6 day of  
June, 20 05, at 2:18 o'clock P M.

  
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Governor of the State of Oklahoma

**OFFICE OF THE SECRETARY OF STATE**

Received by the Secretary of State this  
6<sup>th</sup> day of June, 20 05,  
at 4:21 o'clock P M.

By: M. Susan Morley