

1 ENGROSSED HOUSE  
2 BILL NO. 1438

3 By: Patzkowsky of the House

4 and

5 Frix of the Senate

6

7 An Act relating to waters and water rights; amending  
8 62 O.S. 2021, Section 2003, which relates to  
9 administration of Rural Economic Action Plan grant  
10 program; modifying monetary cap on the award of  
certain funds; amending 82 O.S. 2021, Section  
1085.39, which relates to grant; modifying monetary  
11 cap on certain grants; and providing an effective  
date.

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

14 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2003, is  
15 amended to read as follows:

16 Section 2003. A. Monies appropriated by law to the Oklahoma  
17 Water Resources Board for the purpose of funding the Rural Economic  
18 Action Plan grant program and the Rural Economic Action Plan Water  
19 Projects Fund shall be administered by the Oklahoma Water Resources  
20 Board as provided by this section.

21 B. The monies referred to in subsection A of this section shall  
22 be distributed to eligible cities and towns, unincorporated areas or  
23 other qualified entities located within the areas represented by the  
24 following organizations:

- 1      1. Association of Central Oklahoma Governments (ACOG) ;
- 2      2. Association of South Central Oklahoma Governments (ASCOG) ;
- 3      3. Central Oklahoma Economic Development District (COEDD) ;
- 4      4. Eastern Oklahoma Economic Development District (EOEDD) ;
- 5      5. Grand Gateway Economic Development Association (GGEDA) ;
- 6      6. Indian Nations Council of Governments (INCOG) ;
- 7      7. Kiamichi Economic Development District (KEDDO) ;
- 8      8. Northern Oklahoma Development Association (NODA) ;
- 9      9. Oklahoma Economic Development Association (OEDA) ;
- 10     10. Southern Oklahoma Development Association (SODA) ; and
- 11     11. South Western Oklahoma Development Authority (SWODA) .

12     C. The monies referred to in subsection A of this section shall  
13    not be expended for the benefit of cities or towns with a population  
14    in excess of seven thousand (7,000) persons according to the latest  
15    Federal Decennial Census. Funds may also be expended for any city  
16    or town with a population below seven thousand (7,000) persons based  
17    upon the current population estimate according to the U.S. Census  
18    Bureau. Funds may be expended for such cities and towns until the  
19    next following Federal Decennial Census. Any municipality may enter  
20    into an agreement with an entity described in subsection B of this  
21    section to apply for available funds described by this section if  
22    the municipality is located within the area served by the entity.  
23    Upon approval of the application, funds shall be paid to the  
24    municipality requesting the funds.

1       D. An entity described in subsection B of this section may  
2 apply for a grant to be used for the benefit of an unincorporated  
3 area within a county served by that entity if the area benefited  
4 does not contain a population in excess of seven thousand (7,000)  
5 persons. Any county may enter into an agreement with an entity  
6 described in subsection B of this section if the county is located  
7 within the area served by the entity. Upon approval of the  
8 application, funds shall be paid to the county requesting the funds.

9       E. The monies referred to in subsection A of this section may  
10 be expended for water quality projects, including but not limited to  
11 sewer line construction or repair and related storm or sanitary  
12 sewer projects, water line construction or repair, water treatment,  
13 water acquisition, distribution or recovery and related projects.

14      F. Any city or town with a population less than one thousand  
15 seven hundred fifty (1,750) persons according to the latest Federal  
16 Decennial Census shall have a higher priority for funds allocated by  
17 the Oklahoma Water Resources Board from the amount referred to in  
18 subsection A of this section than jurisdictions of greater size.  
19 Among such cities or towns, those municipalities having relatively  
20 weaker fiscal capacity shall have a priority for project funding in  
21 preference to other municipalities.

22      G. The Oklahoma Water Resources Board shall establish ten  
23 separate accounts containing one-tenth (1/10) of the amount annually  
24 appropriated to the Rural Economic Action Plan Water Projects Fund

1 per account. Each account shall be available for distribution to  
2 qualified entities located within the area served by entities  
3 described in subsection A of Section 2007 of this title or for  
4 distribution to benefit unincorporated areas with the exception of  
5 one account which shall be divided equally into two subaccounts.  
6 Each one of the two subaccounts shall be available for distribution  
7 to qualified entities located within the respective jurisdiction of  
8 one of the entities described by subsection B of Section 2007 of  
9 this title or for distribution to benefit unincorporated areas. No  
10 funds deposited into one account or subaccount shall be transferred  
11 to any other account. The total expenditure from any one account or  
12 subaccount for each fiscal year may not exceed the amount of funds  
13 available to each account as may be provided by law.

14 H. No city, town or other entity to which funds will be awarded  
15 pursuant to this section shall be required to provide any form of  
16 match to obtain the funds, whether through cash, services or any  
17 other method.

18 I. The Oklahoma Water Resources Board shall not be allowed to  
19 retain any of the funds referred to in subsection A of this section  
20 for administration. All such funds shall be distributed to eligible  
21 entities as authorized by law.

22 J. In order to ensure fair and equitable distribution of the  
23 funds referred to in subsection A of this section, the Oklahoma  
24 Water Resources Board shall promulgate rules for administering,

1 determining priority of, approving and funding applications for such  
2 funds. The rules shall implement the provisions of this section  
3 including the following:

4       1. No qualified entity shall be approved nor funded for more  
5 than ~~One Hundred Fifty Thousand Dollars (\$150,000.00)~~ Three Hundred  
6 Fifty Thousand Dollars (\$350,000.00) from such funds in any twelve-  
7 month period;

8       2. If a qualified entity has previously been approved for or  
9 received such funds and makes a subsequent application, that  
10 subsequent application may be assigned lower priority than an  
11 application by qualified entities who have not previously been  
12 approved for or received such funds;

13       3. In order to prevent substantially the same entity or area  
14 from receiving an undue advantage, a political subdivision and all  
15 its public trusts and similar subordinate entities together shall be  
16 treated as one and the same qualified entity; provided rural water  
17 or sewer districts shall not be construed to be subordinate entities  
18 of counties unless the effect would be to make multiple grants to  
19 substantially the same entity or service area; and

20       4. The Oklahoma Water Resources Board may establish limited  
21 time periods for processing applications for available funds.

22             SECTION 2.       AMENDATORY       82 O.S. 2021, Section 1085.39, is  
23 amended to read as follows:

1       Section 1085.39. In furtherance of the purposes of Sections  
2 1085.31 through 1085.49 of this title:

3       1. The Oklahoma Water Resources Board shall administer grants  
4 from any monies which may be available to the Water Resources Fund  
5 for furtherance of the purposes of Sections 1085.31 through 1085.49  
6 of this title to eligible entities of the state with such conditions  
7 as shall in its discretion effectuate these purposes. For purposes  
8 of carrying out and implementing the provisions of this section,  
9 there is hereby created and established within the Water Resources  
10 Fund a grant account which shall contain such monies as may be  
11 available for purposes of carrying out the provisions of this  
12 section. No more than ten percent (10%) of such grants shall be  
13 used for planning purposes. All such eligible entities are hereby  
14 authorized to accept grants from the Board. No grant shall be made  
15 to any single eligible entity during any fiscal year in an amount  
16 exceeding twenty percent (20%) of the funds available for grants to  
17 eligible entities during that fiscal year nor shall such grant  
18 exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred  
19 Thousand Dollars (\$300,000.00). In the case of projects to which  
20 more than one eligible entity is a party, no such grant shall be  
21 made exceeding in amount twenty percent (20%) of funds available for  
22 such purposes per participating eligible entity nor shall such grant  
23 exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ Three Hundred  
24 Thousand Dollars (\$300,000.00) per participating entity. In making

1 such grants, the Board shall consider: The needs of the area to be  
2 served by the project and the benefit of the project to the area in  
3 relation to the needs of other areas requiring state assistance; the  
4 availability of revenue to the political subdivision, from all  
5 sources, for the ultimate repayment of the cost of the project,  
6 including interest; whether the political subdivision can reasonably  
7 finance the project without assistance from the state; and the  
8 relationship of the project to the overall statewide water and  
9 sewage treatment needs; and whether or not the applicant has taken  
10 all reasonable measures to limit waste and conserve water;

11       2. The Board shall prescribe such rules and regulations as may  
12 be necessary for determining the eligibility and priority of  
13 applicants for loans and grants and devise rules and regulations to  
14 insure fair and equitable distribution of said loans and grants; and  
15 promulgate and adopt such rules and regulations as may be necessary  
16 for purposes of expenditures and payments. Provided, no grant of  
17 funds shall be made unless such grant is necessary to assist public  
18 bodies in emergency situations. Provided also priorities for use of  
19 loan and grant money for a particular project shall be established  
20 by the state agency with primary responsibility. Provided further,  
21 that the Board shall not adopt any rule, regulation or condition  
22 requiring that a particular attorney or law firm be employed by any  
23 eligible entity in connection with such entity's grants or loans  
24 from the Board; and

1       3. The Board is hereby authorized to direct that up to fifty  
2 percent (50%) of the interest income from the investment of monies  
3 in the Statewide Water Development Revolving Fund and the Water  
4 Resources Fund Grant Account accruing from and after the date of  
5 this act be deposited in the Statewide Water Development Revolving  
6 Fund created under Section 1085.40 of this title.

7       The Board may adopt reasonable nondiscriminatory standards for  
8 selection of legal counsel.

9 SECTION 3. This act shall become effective November 1, 2025.

10 Passed the House of Representatives the 10th day of March, 2025.

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Presiding Officer of the House  
of Representatives

15 | Passed the Senate the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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Presiding Officer of the Senate