



OKLAHOMA

LEGISLATIVE SUMMARY

1st Session of the 57th Legislature

Introduction



July 2019

Dear Oklahoma Credit Union:

We are pleased to provide this summary of the 1st Session of the 57th State Legislature. Our goal is to provide a detailed report of the work we've done this year on behalf of Oklahoma credit unions.

No two legislative sessions are alike. New members, issues, and political dynamics make each year unique and therefore unpredictable. Of course, there are always a few perennial issues you can count on: partisan tension, disagreements between the House, Senate, and governor, and budget battles are just part of the process. However, this year was one of the most collegial legislative sessions in recent memory.

This year the Oklahoma Credit Union Association played a considerable amount of defense, working to kill or amend bills that would have been detrimental to Oklahoma credit unions. That's not to say we didn't advance several pieces of advantageous legislation. This report is intended to provide you with background and in-depth analysis of the good, the bad, and the ugly.

Our successful legislative session is in no small part a testament to your commitment to participate in the process. Your guidance, expertise, and involvement are essential to advance our cause.

Thank you to our state Government Affairs Subcommittee, which remains instrumental in forming our legislative agenda. A special shout-out to Jason Boesch, Steve McConnell, and Chris Sherman for their help reviewing almost 3,000 pieces of legislation prior to this year's session.

Please know we are proud to be your voice at the state capitol and appreciate the trust you place in us to work on your behalf.

Best regards,

A handwritten signature in black ink, appearing to read "Nate Webb". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Nate Webb
Executive Director
Oklahoma Credit Union Association

GOVERNMENT AFFAIRS SUBCOMMITTEE

- » **Jason Boesch (Chair)**
Energize Credit Union
- » **Denise Floyd**
Fort Sill FCU
- » **Joseph Griffith**
Communication FCU
- » **Mike Kloiber**
Tinker FCU
- » **Stephen Lark**
Communication FCU
- » **Steven McConnell**
WEOKIE FCU
- » **Luann Schmiedel**
Oklahoma's CU
- » **Chris Sherman**
DPS FCU
- » **Matthew Stratton**
Tinker FCU
- » **Brent Taylor**
WEOKIE CU
- » **Gina Wilson**
Oklahoma Central CU

EXECUTIVE SUMMARY

For Oklahoma credit unions, this year's session of the legislature was extremely positive. Much of our focus was defense. We successfully killed or amended several bills that would have been detrimental to our members. We also advanced many bills that will have a very positive impact.

History has proven time and again that when 149 state legislators get together in one building, there is no way to predict, at least with any certainty, what will happen in the coming months. That's not to say there is any lack of prognostication, but the backdrop for the first session of the 1st Session of the 57th State Legislature was unprecedented. A record number of freshmen legislators and a new governor who had never held elective office created more unknowns than at any time in recent memory. Turns out it was a relatively productive and collegial session.

There are several factors that might have reduced the bitterness that plagued the process the past few years. Key among them was the budget. For the past two years, appropriators faced significant budget shortfalls. In 2017 the budget process got so ugly lawmakers were called back for a special session. Last year, a teacher's strike derailed the process for more than two weeks. This year, however, a turnaround in the state's economy produced a revenue surplus, making a budget deal relatively quick work.

A significant change in the composition of the House and Senate also eased the rancor. This was no more evident than in the House. Either by the ballot box, term limits, or resignation, many ultra-conservative Republicans were no longer part of the mix, replaced in large part by more moderate members.

Gov. Kevin Stitt received high marks for his performance. For never having held elective office, the self-proclaimed outsider displayed an impressive amount of political savvy, using high approval ratings to advance several major initiatives.

Unlike other states in the Cornerstone region, Oklahoma has a two-year legislative session—this year being the 1st Session of the 57th State Legislature and next year being the second. This setup often requires us to implement a two-year strategy to advance our agenda. Of course, one year is no predictor for the coming year. Any number of variables could arise.

In the following pages, you'll find a detailed description and analysis of key legislation from the 2019 session of the 57th Oklahoma State Legislature.

BILLS KILLED

HB 2192

House: Simms

Subject: Collections

Creates the Late Payment Act of 2019 and prohibits a late payment from being charged unless at least 14 days have elapsed between a statement receipt date and a delinquency date specified in a statement. It requires any party assessing a late payment fee to establish with reasonable certainty the specified information.

CU Action Needed: None.

HB 2289

House: Wright

Senate: Howard

Subject: Wreckers

Limits the number of resubmissions to no more than two on a special lien to acquire the title. It also extends the deadline to resubmit an application for title to 30 days from 15 days.

Status: **Vetoed by Governor**

CU Action Needed: None.

HB 2598

House: Echols

Senate: Paxton

Subject: Wreckers

This bill allows licensed wrecker operators to take possession of impounded vehicle license plates pending payment for services rendered.

Status: **Failed deadline**

CU Action Needed: None.

SB 0123

House: Dunnington

Senate: Young

Subject: Mortgage payments

Extends to six months from 35 days the time period during which a mortgagor has from the date a notice of default is sent to cure a breach or default and satisfactorily refinance the property.

Status: [Failed deadline](#)

CU Action Needed: None.

SB 0710

Senate: Radar

Subject: PACE Loans

This bill creates the Property Assessed Clean Energy Act (PACE) and defines related terms. It allows a county to create energy and resilience assessment districts and establishes guidelines for such districts. The bill requires that the creation of the district be done by resolution. It allows the county to enter into an assessment contract with the record owner of a qualifying commercial property within a clean energy assessment district. The bill establishes rules for entering into an assessment contract with an owner.

Status: [Failed deadline](#)

CU Action Needed: None.

SB 0830

Senate: Silk

Subject: Liens

Bill requires a financial institution that holds a perfected security interest on personal property to pay for services rendered in the event the owner of the property fails to do so.

Status: [Failed deadline](#)

CU Action Needed: None.

BILLS SIGNED INTO LAW

HB 1092

House: Osburn

Senate: Pugh

Subject: Small Claims Procedure

Summary: The bill amends Title 12, Civil Procedure; Chapter 36, Small Claims Procedures Act. The bill clarifies that current caps for attorneys' fees only apply to uncontested cases; there is no limit for attorneys' fees that can be awarded in contested cases. Additionally, it clarifies that nothing in the section prohibits an award of attorneys' fees for the defense of an action brought under the small claims procedure.

CU Action Needed: None.

Effective Date: 11/01/2019

HB 1909

House: Boles, McEntire, and Caldwell

Senate: Montgomery

Subject: Monies Received on Behalf of Minors

Summary: The bill clarifies that, if authorized by the court at the request of the next friend or guardian ad litem, all or a portion of recovered monies for or on behalf of a minor may be deposited in an account pursuant to the Oklahoma College Savings Plan Act with the minor designated as the beneficiary of the account.

CU Action Needed: Train staff and update procedures to permit for such account deposits.

Effective Date: 11/01/2019

HB 2380

House: Strom and Kannady

Senate: Montgomery, Daniels, and Bergstrom

Subject: Data Security

Summary: The bill amends the Credit Card Crime Act. It adds definitions for "reencoder", "scanning device", and "skimming device". It adds a new section creating offenses for using a scanning device,

skimming device, or reencoder to obtain information on a credit or debit card without the permission of the authorized user and with the intent to commit fraud. Increases penalty for conviction from misdemeanor to felony.

CU Action Needed: None.

Effective Date: 11/01/2019

HB 2348

House: Caldwell

Senate: Pugh

Subject: Uniform Commercial Code

Summary: The bill clarifies that the state law section concerning remittances applies in situations where there is a gap in federal law coverage. Where state law and federal law are inconsistent, federal law applies.

CU Action Needed: None.

Effective Date: 11/01/2019

HB 2597

House: Echols, Mize, Crosswhite Hader, Townley, McDugle, Roberts (Sean), Olsen, Gann, West (Kevin), Steagall, Moore, Humphrey, McBride, Hasenbeck, Patzkowsky, Cornwell, Hilbert, Davis, Tadlock, Russ, Frix, Lawson, Sims, McCall, O'Donnell, Taylor, Pfeiffer, Sneed, and West (Josh)

Senate: David, Dahm, Murdock, Scott, Newhouse Allen, Treat, and Silk

Subject: Weapons

Summary: The bill amends current law to make Oklahoma a "constitutional carry" state. The bill permits a person at least 21 years of age (who is not otherwise disqualified due to convictions, etc.) to carry a firearm, concealed or open, loaded or unloaded, with or without a license.

The bill retains 21 Oklahoma Statutes (O.S.) 2011, section 1290.22, Business Owner's Rights. A person or business maintains the right to control the possession of weapons on any property owned or controlled by the person or business.

A credit union wishing to limit weapons may post a sign on or about the property stating such prohibition. However, a credit union may not prohibit a person from transporting and storing firearms in a locked vehicle.

A credit union may deny entry onto the property by a person carrying firearms when the appropriate sign is posted. A person who refuses to leave the property after being informed of the policy may be punished as provided for in Section 1276.

A credit union that does or does not prohibit weapons is immune from any liability arising from that decision. Except for gross negligence or willful or wanton misconduct, an employer who does or does not prohibit employees from carrying weapons is immune from any liability arising from that decision.

CU Action Needed: Credit unions may continue to operate based on either permitting or not permitting weapons on credit union property. Credit unions wishing to restrict weapons should make sure appropriate signage is in place and that staff and members are aware of the policy.

Effective Date: 11/01/2019

HB 2612

House: Echols

Senate: McCortney

Subject: Medical Marijuana

Summary: The bill establishes the Oklahoma Medical Marijuana and Patient Protection Act (the Act) to set the framework governing medical marijuana. The bill establishes the Oklahoma Medical Marijuana Authority (OMMA), a branch of the Oklahoma Department of Health. The OMMA will issue patient licenses and medical marijuana business licenses and will address issues relating to the dispensing, cultivating, processing, testing, transporting, storage, research, use, and sale of medical marijuana in Oklahoma.

The bill does not address banking marijuana related businesses (MRB), so any credit union that chooses to do so assumes any repercussions for violating federal law. Marijuana is still illegal at the federal level and is classified as a schedule 1 drug under the federal Controlled Substances Act (CSA). Violations of the CSA and the Bank Secrecy Act can result in severe criminal and monetary repercussions. Any credit union that chooses to serve MRBs despite the risk must ensure that these businesses are operating in full compliance with Oklahoma law.

The bill permits a residential or commercial property or business owner to prohibit the consumption of medical marijuana by smoke or vaporization on or near the premises. However, a medical marijuana patient may not be denied the right to consume or use other marijuana products that are otherwise legal and do not involve the smoking or vaporization of cannabis when lawfully recommended.

The bill prohibits an employer from refusing to hire, discipline, discharge, or otherwise penalize an applicant or employee solely on the basis of the applicant or employee's status as a medical marijuana licensee. Also, an employer may not discriminate solely on the basis of a positive test for marijuana

components unless the person is not in possession of a valid medical marijuana license; the person consumes or is under the influence while at work or working; or the position is tied to safety-sensitive job duties.

The bill orders several agencies, including the Banking Board, to promulgate rules to implement the provisions of this Act. Credit unions should be on the lookout for the issuance of regulations that may impact banking.

CU Action Needed: Credit unions wishing to serve marijuana-related businesses should seek local counsel, as marijuana continues to be illegal under federal law. Credit unions serving MRBs will need to ensure that the businesses fully comply with Oklahoma law. Credit unions will need to comply with any applicable banking regulations issued in the future. Credit unions must ensure that employment and drug testing policies are updated and that management is trained to avoid discrimination.

Effective Date: 3/24/2019, when Gov. Kevin Stitt signed the bill into law.

SB 0732

House: Leewright

Senate: McEntire

Subject: Uniform Consumer Credit Code

Summary: The bill amends 14A O.S. 2011, section 3-508B relating to loan finance charges on certain loan amounts. On small dollar loans with a principal of \$300 or less, a supervised lender may assess an acquisition charge and a handling charge (amount varies depending on principal). The bill provides for consumer price index adjustments to the loan amounts and charges for certain loans.

CU Action Needed: Update policies and procedures.

Effective Date: 11/01/2019

SB 0915

House: Rosino

Senate: Kannady and West

Subject: Remote Online Notarial Acts

Summary: The bill creates the Remote Online Notary Act. It authorizes notary publics to certify electronic documents. The bill requires the notary to verify that the document is in a tamper-evident format and contains no signature-related errors. It requires the notary to personally print the paper

and ensure no changes are made other than indicating that the document is certified by the notary. It authorizes the certified document to then be submitted to state and county officials if a certified document is required.

The bill requires the Secretary of State to promulgate rules governing electronic document certification. It requires the rules to address what tools may be used to validate documents, storage of electronic documents, creating forms for remote online notarizations, and other matters. The bill requires notaries to register with the Secretary of State to receive authorization to conduct remote notarization.

CU Action Needed: Staff serving as a notary may want to consider obtaining certification for electronic documents.

Effective Date: 01/01/2020

SB 1000

House: Leewright and Rader

Senate: Fetgatter

Subject: Oklahoma Energy Independence Act (the Act)

Summary: The bill concerns Property Assessed Clean Energy (PACE) loans. PACE loans are a means of financing energy efficient upgrades, water conservation measures, or building resiliency. These loans generally provide a lien at the same priority as a tax lien (superior to a mortgage lien), although current Oklahoma law placed these liens as subordinate to previously recorded liens or mortgages.

The bill amends current law to provide a priority lien status to PACE loans, putting them on par with tax liens and superior to a credit union mortgage lien. The bill clarifies that the Act applies only to commercial property (not residential). The bill requires the borrower to obtain written consent from any mortgage holder prior to the issuance of any loan pursuant to the Act. The bill prohibits a PACE loan from accelerating upon default of a mortgage.

CU Action Needed: Update policies and train staff accordingly. Credit unions can protect their mortgage lien priority by denying a request for a PACE loan on commercial property securing loans made by the credit union.

Effective Date: 11/01/2019