

OFFICE OF THE ATTORNEY GENERAL OF OKLAHOMA

**Question Submitted by: The Honorable Gerrid Kendrix,
Representative, Oklahoma House of Representatives, District 52**

2025 OK AG 15 · Decided December 4, 2025

OPINION

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2025 OK AG 15

PER CURIAM.

OSCN Found Document: Question Submitted by: The Honorable Gerrid Kendrix, Representative, Oklahoma House of Representatives, District 52 Previous Case Top Of Index This Point in Index Citationize Next Case Print Only Question Submitted by: The Honorable Gerrid Kendrix, Representative, Oklahoma House of Representatives, District 52 2025 OK AG 15 Decided: 12/04/2025 OKLAHOMA ATTORNEY GENERAL OPINIONS Cite as: 2025 OK AG 15, __ P.3d

ATTORNEY GENERAL OPINION

¶0 This office has received your request for an Attorney General Opinion in which you ask, in effect, the following question: May a private nonprofit corporation formed for the purpose of providing water to rural residents in Oklahoma reorganize as a rural water district pursuant to the provisions of title 82, sections 1324.30 -- 1324.35 of the Oklahoma Statutes if the corporation was formed on or after December 1, 1988? I.

SUMMARY

¶1 No. Based on the plain language of title 82, section 1324.31 of the Oklahoma Statutes, a private nonprofit corporation formed for the purpose of providing water to rural residents in Oklahoma may use the procedures set forth in title 82, sections 1324.30 -- 1324.35 to reorganize as a rural water district only if the corporation was formed prior to December 1, 1988. II.

BACKGROUND

¶2 While the statutory analysis of your question is straightforward, it is helpful to begin with some historical background regarding rural water districts and nonprofit corporations that have been formed to serve a similar function. A. Rural Water Districts. ¶3 In 1963, the Legislature enacted the Rural Water Districts Act to provide a means to establish "[p]ublic nonprofit rural water districts" to develop infrastructure to assure adequate water supply to residents of the district. House Bill 837, 1963 Okla. Sess. Laws ch. 266, § 3. Expanded and recodified in 1972 as the Rural Water, Sewer, Gas and Solid Waste Management Districts Act (the "Rural Water Act"), 82 O.S.2021, §§ 1324.1 Id. § 1324.4. The petition must outline the Water District's boundaries and

state that (1) District residents lack adequate water supply, (2) such deficiency may be addressed through improved infrastructure, and (3) sufficient water is available to the District by private purchase or appropriation by the Oklahoma Water Resources Board ("OWRB"). Id. The petition is then set for a public hearing before the board of county commissioners ("BOCC") for the county in which the largest portion of the Water District's territory is located. Id. §§ 1324.5, 1324.6. With BOCC approval, the District is incorporated as "a body politic and corporate and an agency and legally constituted authority of the State of Oklahoma for the public purposes set forth in [the Act]." Id. § 1324.6. Once formally constituted, the Water District may borrow money and apply for grants, adopt a rate structure, construct or improve infrastructure, and obtain water rights. Id. § 1324.10. B. Nonprofit Rural Water Corporations. ¶4 Separately, in 1968, the Legislature enacted a new statutory framework governing nonprofit corporations. See Senate Bill 505, 1968 Okla. Sess. Laws ch. 13 (codified at 18 O.S.1971, §§ 851 Id. §§ 1, 2. Such an entity could be formed by any three or more natural persons able to enter into contracts, and once formed, the entity had the capacity and powers of any other corporation formed under Oklahoma's corporation laws. Id. §§ 3, 6. These powers included, among others, the ability to enter into contracts, acquire and convey property, borrow money, and issue bonds and notes. 18 O.S.1981, § 1.19 ¶5 Given the breadth and flexibility of this statute, it was used by rural residents, or those serving rural residents, to form nonprofit rural water corporations ("Nonprofit Water Corporations") as an alternative to Water Districts. Based on this office's review, it appears that Nonprofit Water Corporations began to spring up almost as soon as the nonprofit corporation statute was enacted. See *Deer Creek Water Corp. v. City of Oklahoma City*, 82 F.4th 972, 988 (10th Cir. 2023); 1984 OK AG 134 III.

DISCUSSION

¶6 Your question involves legislation enacted in 1989, codified at title 82, sections 1324.30 -- 1324.35. Together, these provisions establish a process by which a Nonprofit Water Corporation may reorganize as a Water District formed under the Rural Water Act. To begin the process, the board of directors of the Nonprofit Water Corporation must submit for a vote of its members a proposal that sets out, among other things, its reasons for reorganizing as a Water District, the advantages and disadvantages of the proposal, the territory involved, and a representation that the corporation will voluntarily dissolve upon reorganization as a Water District. 82 O.S.2021, § 1324.32 Id. The process then proceeds in a manner similar to that of any other Water District, with additional measures to deal with corporate property and liabilities. See id. § 1324.33. ¶7 Your question stems from a particular provision in this 1989 enactment: Pursuant to the provisions of [title 82, sections 1324.30 -- 1324.35], any corporation which was formed prior to December 1, 1988, may organize and constitute a district subject to the provisions of the [Rural Water Act]. 82 O.S.2021, § 1324.31 ¶8 The "primary goal in reviewing a statute is to ascertain legislative intent, if possible, from a reading of the statutory language in its plain and ordinary meaning." In re Initiative Petition No. 397, State Question No. 767, 2014 OK 23 326 P.3d 496 *Rickard v. Coulimore*, 2022 OK 9 505 P.3d 920 *Rickard*, 2022 OK 9 ¶9 It is, therefore, the official Opinion

of the Attorney General that: Only a nonprofit corporation formed before December 1, 1988, and otherwise meeting the requirements set forth in , is eligible to reorganize as a rural water district using the procedures set forth in -- 1324.35.

GENTNER DRUMMOND

ATTORNEY GENERAL OF OKLAHOMA

ETHAN SHANER

DEPUTY GENERAL COUNSEL

FOOTNOTES

1 As a historical note, the Oklahoma Business Corporation Act and the provisions related to nonprofit corporations were repealed in 1986 and replaced by the Oklahoma General Corporation Act ("OGCA," codified at 18 O.S.2021 & Supp.2024, §§ 1001 -- 1144). See House Bill 1979, 1986 Okla. Sess. Laws ch. 292. Since the repeal, there is no longer a set of statutory provisions dedicated exclusively to nonprofit corporations. Rather, where the rules for nonprofit corporations diverge from those of for-profit corporations, they are set forth specifically in the OGCA. See 18 O.S.2021, § 1002 id. § 1005(A) (setting forth procedure for formation and lawful purposes), id. §§ 1015 -- 1016 (stating general and specific powers of all corporations). As a practical matter, this repeal and replacement had little, if any, effect on the rules governing the formation and operation of nonprofit corporations in Oklahoma. See House Bill 1080, 1971 Okla. Sess. Laws ch. 26. As "bodies politic," Water Districts were already exempt. Id., see also 82 O.S.2021, § 1324.6 both Water Districts and Nonprofit Water Corporations, thus acknowledging the existence of and distinction between the two types of entities. See House Bill 1594, 1982 Okla. Sess. Laws ch. 124. And, in 1990, the Legislature amended title 69, section 1403 to exempt both Water Districts and Nonprofit Water Corporations from the costs of relocating their facilities to accommodate road construction. See House Bill 1975, 1990 Okla. Sess. Laws ch. 137. 82 O.S.2021, § 1324.30 See , e.g. , 70 O.S.Supp.2025, § 3-132 See Oklahoma City Zoological Tr. v. State ex rel. Pub. Employees Relations Bd. , 2007 OK 21 158 P.3d 461 The Oklahoma Supreme Court 2100 N. Lincoln Blvd., Suite 1 Oklahoma City, OK 73105

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