



GENTNER DRUMMOND
ATTORNEY GENERAL

ATTORNEY GENERAL OPINION
2025-15

The Honorable Gerrid Kendrix
Oklahoma House of Representatives, District 52
2300 N. Lincoln Blvd., Rm. 347
Oklahoma City, OK 73105

December 4, 2025

Dear Representative Kendrix:

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

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

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.**

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 – 1324.26, the statute sets forth the process to form a rural water district (“District” or “Water District”) beginning with a petition filed with the relevant county clerk by any two or more landowners. *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.

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 – 862). The statute allowed for the formation of nonstock corporations for any lawful purpose “not involving pecuniary gain.” *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, § 1.19.¹

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.² For instance, in 1970, this office was asked whether a Nonprofit Water Corporation was subject to the ad valorem assessments required of public service corporations. 1970 OK AG 193. Likewise, beginning in 1970, the Legislature on several occasions passed amendments to ensure that

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 (“[The OGCA] shall be applicable to every corporation, whether profit or not for profit, stock or nonstock, existing as of the effective date of this act or thereafter formed...”), *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.

² According to one source, this was at least in part due to the discontinuation in the late 1960s of a federal loan program available to Rural Water Districts. NEAL JOHNSON, SHARING THE KNOWLEDGE: HISTORY OF THE OKLAHOMA RURAL WATER ASSOCIATION 8 (1996).

Nonprofit Water Corporations received similar treatment to Water Districts.³ As a result, there evolved over time two separate types of entities—one a public body needing approval by a BOCC, one a private corporation—that serve much the same purpose. *See Deer Creek Water Corp. v. City of Oklahoma City*, 82 F.4th 972, 988 (10th Cir. 2023); 1984 OK AG 134 (acknowledging the similarity between Water Districts and Nonprofit Water Corporations before opining that only Water Districts were eligible for certain OWRB grants).

III. DISCUSSION

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. If approved by a majority vote of members (and secured creditors), the board then petitions the relevant BOCC to establish the District. *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.

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 (emphasis added).⁴ You ask whether this provision disallows Nonprofit Water Corporations formed on or after December 1, 1988 from utilizing the procedures described above to reorganize as a Water District. Based on the plain language of the statute, the answer is yes.

³ For instance, in 1970, the Legislature exempted Nonprofit Water Corporations from excise taxes and other assessments and granted them the power of eminent domain, as it had for Water Districts. Senate Bill 603, 1970 Okla. Sess. Laws ch. 328, § 1 (codified as title 18, section 863). Then, in 1971, the Legislature amended title 17, section 151 to exclude Nonprofit Water Corporations from the definition of “public utility” that would be subject to the jurisdiction of the Oklahoma Corporation Commission. *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. In 1982, the Legislature amended title 46, section 17 to address the mortgage filing requirements for notes issued by ***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.

⁴ As used in these provisions, “corporation” is defined to mean a nonprofit nonstock corporation formed pursuant to the OGCA for the purpose of “developing and providing rural water supplies to serve rural residents,” and “district” is defined to mean a Water District created under the Rural Water Act. 82 O.S.2021, § 1324.30.

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, ¶ 9, 326 P.3d 496, 501. Additionally, “[a] statute must be read to render every part operative and to avoid rendering parts superfluous or useless.” *Rickard v. Coulimore*, 2022 OK 9, ¶ 12, 505 P.3d 920, 924. Here, the Legislature chose to include a date limitation in the statute: Nonprofit Water Corporations formed before December 1, 1988 may take advantage of these procedures to reorganize as a Water District. To construe the statute as allowing corporations formed after that date to do the same is to ignore the Legislature’s date limitation entirely. Put simply, why include a date limitation if it has no effect? Because this office “must interpret legislation so as to give effect to every word and sentence,” *Rickard*, 2022 OK 9, ¶ 12, 505 P.3d at 924, the only reasonable conclusion is that the Legislature intended the provisions of title 82, sections 1324.30 – 1324.35 to be available only to Nonprofit Water Corporations formed before December 1, 1988.⁵

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 82 O.S.2021, § 1324.30, is eligible to reorganize as a rural water district using the procedures set forth in 82 O.S.2021, §§ 1324.30 – 1324.35.



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⁵ It is fair to question why the Legislature included this date limitation, and why it selected December 1, 1988 as the appropriate cutoff. However, this practice is not uncommon. *See, e.g.*, 70 O.S.Supp.2025, § 3-132 (allowing certain tribal-sponsored charter schools only where the sponsoring tribe was “operating a high school under the authority of the Bureau of Indian Affairs as of November 1, 2010”). To those reading the statute years or decades later, the Legislature’s rationale for picking a particular date may not be clear. Nevertheless, where the statutory language is plain and unambiguous, the language must be given effect as written and there is no reason to search further for the Legislature’s reasons for choosing it. *See Oklahoma City Zoological Tr. v. State ex rel. Pub. Employees Relations Bd.*, 2007 OK 21, ¶ 6, 158 P.3d 461, 464 (“When the language of a statute is plain, it will be followed without further inquiry.”).