

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 2297

6 By: Caldwell (Trey)

7 COMMITTEE SUBSTITUTE

8 [revenue and taxation - apportionment - General

9 Revenue Fund - Ad Valorem Reimbursement Fund -

10 effective date -

11 emergency]

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

15 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2352, as
16 last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp.
17 2018, Section 2352), is amended to read as follows:

18 Section 2352. It is hereby declared to be the purpose of
19 Section 2351 et seq. of this title to provide revenue for general
20 governmental functions of state government; and, for that purpose
21 and to that end, it is expressly declared that the revenue derived
22 herefrom and penalties and interest thereon, subject to the
23 apportionment requirements for the Rebuilding Oklahoma Access and
24 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail

1 Revolving Fund and the Public Transit Revolving Fund to be derived
2 from income tax revenue that would otherwise be apportioned to the
3 General Revenue Fund as provided by Section 1521 of Title 69 of the
4 Oklahoma Statutes, subject to the apportionment requirements for the
5 Oklahoma Tax Commission and Office of Management and Enterprise
6 Services Joint Computer Enhancement Fund provided by Section 265 of
7 this title, and subject to the apportionment requirements for the
8 Oklahoma State Capitol Building Repair and Restoration Fund provided
9 by Section 19 of Title 73 of the Oklahoma Statutes, shall be
10 distributed as follows:

11 1. For the fiscal year beginning July 1, 2002, the first Five
12 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue
13 derived pursuant to the provisions of subsections A, B and E of
14 Section 2355 of this title shall be apportioned to the Education
15 Reform Revolving Fund. The remainder of such revenue for the fiscal
16 year beginning July 1, 2002, and all such revenue for each fiscal
17 year thereafter shall be apportioned monthly as follows:

18 a. (1) the following amounts shall be paid to the State
19 Treasurer to be placed to the credit of the
20 General Revenue Fund of the state for such fiscal
21 year for the support of the state government to
22 be paid out only pursuant to appropriation by the
23 Legislature:

24 Fiscal Year Amount

| | | |
|---|-------------------------|---------------------------------|
| 1 | FY 2003 and FY 2004 | 87.12% |
| 2 | FY 2005 | 86.91% |
| 3 | FY 2006 | 86.66% |
| 4 | FY 2007 | 86.16% |
| 5 | FY 2008 and each fiscal | |
| 6 | year thereafter | 85.66% <u>82.95%</u> |

(2) in the event that additional monies are necessary pursuant to paragraph 3 of this section, such additional monies shall be deducted in the proportion determined by the State Board of Equalization pursuant to paragraph 3 of Section 2355.1B of this title from the monies apportioned to the General Revenue Fund,

b. for FY 2003 and each fiscal year thereafter, eight and thirty-four one-hundredths percent (8.34%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund,

c. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

| Fiscal Year | Amount |
|---------------------|--------|
| FY 2003 and FY 2004 | 3.54% |
| FY 2005 | 3.75% |
| FY 2006 | 4.0% |

1 FY 2007 4.5%

2 FY 2008 and each fiscal
3 year thereafter 5.0%

4 d. for FY ~~2003~~ 2020 and each fiscal year thereafter, ~~one~~
5 ~~percent (1%)~~ three and seventy-one one-hundredths
6 percent (3.71%) shall be placed to the credit of the
7 Ad Valorem Reimbursement Fund;

8 2. Beginning July 1, 2003, for any period of time as certified
9 by the Oklahoma Development Finance Authority and the Oklahoma
10 Department of Commerce to be necessary for the repayment of
11 obligations issued by the Oklahoma Development Finance Authority
12 pursuant to Section 3654 of this title if the other sources of
13 revenue paid to or apportioned to the Quality Jobs Program Incentive
14 Leverage Fund are not adequate, including the proceeds from payment
15 pursuant to the guaranty required by subsection M of Section 3654 of
16 this title, an amount certified by the Oklahoma Development Finance
17 Authority to the Oklahoma Tax Commission shall be apportioned to the
18 Quality Jobs Program Incentive Leverage Fund before any other
19 apportionments are made as otherwise authorized by this paragraph.
20 The Oklahoma Development Finance Authority shall certify to the
21 Oklahoma Tax Commission the time as of which the revenue authorized
22 for apportionment pursuant to this paragraph is no longer required.
23 After the certification, the revenue derived from the income tax
24 shall be apportioned in the manner otherwise provided by this

1 section. Except as otherwise provided by this paragraph, for the
2 fiscal year beginning July 1, 2002, the first Forty-One Million One
3 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of
4 revenue derived pursuant to the provisions of subsections D and E of
5 Section 2355 of this title shall be apportioned to the Education
6 Reform Revolving Fund. The remainder of such revenue for the fiscal
7 year beginning July 1, 2002, and all such revenue for each fiscal
8 year thereafter, subject to the apportionment requirements for the
9 Oklahoma Tax Commission and Office of Management and Enterprise
10 Services Joint Computer Enhancement Fund provided by Section 265 of
11 this title, shall be apportioned monthly as follows:

12 a. the following amounts shall be paid to the State
13 Treasurer to be placed to the credit of the General
14 Revenue Fund of the state for such fiscal year for the
15 support of the state government to be paid out only
16 pursuant to appropriation by the Legislature:

| 17 Fiscal Year | Amount |
|------------------------|--------|
| 18 FY 2003 and FY 2004 | 78.96% |
| 19 FY 2005 | 78.75% |
| 20 FY 2006 | 78.50% |
| 21 FY 2007 | 78.0% |

22 (1) FY 2018 and each fiscal year thereafter
23 until the apportionment to the General
24 Revenue Fund equals the moving five-year

1 average amount for corporate income tax
2 as prescribed by paragraph 4 of this
3 section ~~77.50%~~ 74.79%

4 (2) there shall be apportioned from the tax
5 levy imposed on corporate income tax to
6 the Revenue Stabilization Fund created by
7 Section 1 of this act, or to the
8 Constitutional Reserve Fund, as provided
9 by Section 1 of this act, the amount of
10 revenue, if any, which exceeds the moving
11 five-year average amount as defined
12 pursuant to paragraph 4 of this section,

13 b. for FY 2003 and each fiscal year thereafter, sixteen
14 and five-tenths percent (16.5%) shall be paid to the
15 State Treasurer to be placed to the credit of the
16 Education Reform Revolving Fund of the State
17 Department of Education,

18 c. the following amounts shall be paid to the State
19 Treasurer to be placed to the credit of the Teachers'
20 Retirement System Dedicated Revenue Revolving Fund:

| Fiscal Year | Amount |
|---------------------|--------|
| FY 2003 and FY 2004 | 3.54% |
| FY 2005 | 3.75% |
| FY 2006 | 4.0% |

1 Section 193. A. There is hereby created in the State Treasury
2 a revolving fund for the Oklahoma Tax Commission to be designated
3 the "Ad Valorem Reimbursement Fund". The fund shall be a continuing
4 fund, not subject to fiscal year limitations. Monies apportioned to
5 this fund shall be expended:

6 1. To reimburse counties of this state for loss of revenue due
7 to exemptions of ad valorem taxes for new or expanded manufacturing
8 or research and development facilities;

9 2. To reimburse counties of this state for loss of revenue for
10 school district and county purposes due to exemptions granted
11 pursuant to the provisions of Section 2890 of Title 68 of the
12 Oklahoma Statutes; ~~and~~

13 3. To reimburse counties of this state for loss of revenue due
14 to decreased valuation and assessment for buffer strips pursuant to
15 Section 2817.2 of Title 68 of the Oklahoma Statutes; and

16 4. To reimburse counties of this state for loss of revenue due
17 to the exemptions authorized by Sections 8E and 8F of Article X of
18 the Oklahoma Constitution.

19 Provided that it shall be the duty of the Tax Commission to
20 assess the valuation of all property for new or expanded
21 manufacturing or research and development facilities which are
22 exempt from ad valorem taxes.

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1 Monies apportioned to this fund also may be transferred to other
2 state funds or otherwise expended as directed by the Legislature by
3 law.

4 B. The county commissioners of each county seeking
5 reimbursement for lost revenue from the Ad Valorem Reimbursement
6 Fund shall make claims for reimbursement on forms prescribed by the
7 Tax Commission prior to April 30 of each year. Claims for
8 reimbursement for loss of revenue due to exemptions of ad valorem
9 taxes for new or expanded manufacturing or research and development
10 facilities shall be made separately from claims for reimbursement
11 for loss of revenue for school district and county purposes due to
12 exemptions granted pursuant to the provisions of Section 2890 of
13 Title 68 of the Oklahoma Statutes and separately from claims for
14 reimbursement for loss of revenue for decreased valuation and
15 assessment of buffer strips and from claims for loss of revenue due
16 to the provisions of Sections 8E and 8F of Article X of the Oklahoma
17 Constitution. Provided, the assessed valuation of a school district
18 as stated in the claim for reimbursement shall be the same as
19 reported to the State Department of Education on the Estimate of
20 Need and shall include the total valuation of property exempt from
21 taxation pursuant to Section 2902 of Title 68 of the Oklahoma
22 Statutes. The claims shall be either approved or disapproved in
23 whole or in part by the Tax Commission by June 15 of each year. A
24 claim for reimbursement for loss of revenue due to an exemption of

1 ad valorem taxes for a new or expanded manufacturing or research and
2 development facility shall be disapproved if a county or school
3 district has received any payment in lieu of ad valorem taxes from
4 such facility, to the extent of the amount of such reimbursement.
5 If the Tax Commission determines that an exemption has been
6 erroneously or unlawfully granted, it shall notify the appropriate
7 county assessor who shall immediately value and assess the property
8 and place it on the rolls for ad valorem taxation. Disbursements
9 from the fund shall be made on warrants issued by the State
10 Treasurer against claims filed by the Tax Commission with the Office
11 of Management and Enterprise Services for payment. Such
12 disbursements shall be exempt from all agency expenditure ceilings.
13 The county treasurer shall apportion or disburse such funds for
14 expenditures in the same manner as other ad valorem tax collections.

15 C. In the event monies apportioned to the Ad Valorem
16 Reimbursement Fund are insufficient to pay all claims for
17 reimbursement made pursuant to subsection B of this section, claims
18 for reimbursement for loss of revenue due to exemptions of ad
19 valorem taxes for new or expanded manufacturing or research and
20 development facilities shall be paid first, and any remaining funds
21 shall be distributed proportionally among the counties making claims
22 for reimbursement for loss of revenue for school district and county
23 purposes due to exemptions granted pursuant to the provisions of
24 Section 2890 of Title 68 of the Oklahoma Statutes, according to the

1 amount of the claim made by each county. If any funds remain after
2 paying all claims for reimbursement for loss of revenue due to
3 exemptions of ad valorem taxation for new or expanded manufacturing
4 or research and development facilities and for reimbursement for
5 loss of revenue for school district and county purposes due to
6 exemptions granted pursuant to the provisions of Section 2890 of
7 Title 68 of the Oklahoma Statutes, the remaining funds shall be
8 distributed proportionally among the counties making claims for
9 reimbursement for loss of revenue for decreased valuation and
10 assessment for buffer strips pursuant to Section 2817.2 of Title 68
11 of the Oklahoma Statutes.

12 SECTION 3. This act shall become effective July 1, 2019.

13 SECTION 4. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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18 57-1-8341 JM 02/28/19
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