

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 57th Legislature (2020)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2741

By: Wallace and Hilbert of the
House

and

Thompson and Rader of the
Senate

11
12 COMMITTEE SUBSTITUTE

13 An Act relating to revenue and taxation; amending 68
14 O.S. 2011, Section 1353, as last amended by Section
15 1, Chapter 446, O.S.L. 2019 (68 O.S. Supp. 2019,
16 Section 1353), which relates to apportionment of
17 sales tax collections; increasing certain
18 apportionments for certain fiscal years; decreasing
19 certain apportionments for certain fiscal years;
20 eliminating provisions requiring certain baseline
21 apportionment amounts; clarifying language; amending
22 68 O.S. 2011, Section 1403, as last amended by
23 Section 9, Chapter 17, 2nd Extraordinary Session,
24 O.S.L. 2018 (68 O.S. Supp. 2019, Section 1403), which
 relates to apportionment of use tax collections;
 increasing certain apportionments for certain fiscal
 years; decreasing certain apportionments for certain
 fiscal years; eliminating provisions requiring
 certain baseline apportionment amounts; clarifying
 language; amending 68 O.S. 2011, Section 2352, as
 last amended by Section 5, Chapter 337, O.S.L. 2016
 (68 O.S. Supp. 2019, Section 2352), which relates to
 apportionment of income tax collections; increasing
 certain apportionments for certain fiscal years;
 decreasing certain apportionments for certain fiscal

1 years; eliminating provisions requiring certain
2 baseline apportionment amounts; clarifying language;
3 and providing an effective date.

4
5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

6 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1353, as
7 last amended by Section 1, Chapter 446, O.S.L. 2019 (68 O.S. Supp.
8 2019, Section 1353), is amended to read as follows:

9 Section 1353. A. It is hereby declared to be the purpose of
10 the Oklahoma Sales Tax Code to provide funds for the financing of
11 the program provided for by the Oklahoma Social Security Act and to
12 provide revenues for the support of the functions of the state
13 government of Oklahoma, and for this purpose it is hereby expressly
14 provided that, revenues derived pursuant to the provisions of the
15 Oklahoma Sales Tax Code, subject to the apportionment requirements
16 for the Oklahoma Tax Commission and Office of Management and
17 Enterprise Services Joint Computer Enhancement Fund provided by
18 Section 265 of this title, shall be apportioned as follows:

- 19 1. ~~a.~~ except as provided in subsection C of this section,
20 the following amounts shall be paid to the State
21 Treasurer to be placed to the credit of the General
22 Revenue Fund to be paid out pursuant to direct
23 appropriation by the Legislature:
24

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%
FY 2005	85.83%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 <u>through FY 2022</u>	<u>83.61%</u>
<u>FY 2023 through FY 2027</u>	<u>83.11%</u>
<u>FY 2028</u> and each fiscal year thereafter	83.61%

~~b. in the event that additional monies are necessary pursuant to paragraph 6 of this subsection, 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;~~

2. ~~For~~ The following amounts shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education:

a. for FY 2003, FY 2004 and FY 2005, ten and forty-two one-hundredths percent (10.42%), shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education and

1	FY 2008 <u>through FY 2020</u>	<u>5.0%</u>
2	<u>FY 2021:</u>	
3	<u>a. for the month beginning July</u>	
4	<u>1, 2020, through the month</u>	
5	<u>ending August 31, 2020</u>	<u>5.0%</u>
6	<u>b. for the month beginning</u>	
7	<u>September 1, 2020, through</u>	
8	<u>the month ending June 30,</u>	
9	<u>2021</u>	<u>3.5%</u>
10	<u>FY 2022</u>	<u>3.75%</u>
11	<u>FY 2023 through FY 2027</u>	<u>5.5%</u>
12	<u>FY 2028</u> and each fiscal year thereafter	5.0%
13	4. a. except as otherwise provided in subparagraph b of this	
14	paragraph, for the fiscal year beginning July 1, 2015,	
15	and for each fiscal year thereafter, eighty-seven one-	
16	hundredths percent (0.87%) shall be paid to the State	
17	Treasurer to be further apportioned as follows:	
18	(1) thirty-six percent (36%) shall be placed to the	
19	credit of the Oklahoma Tourism Promotion	
20	Revolving Fund, but in no event shall such	
21	apportionment exceed Five Million Dollars	
22	(\$5,000,000.00) in any fiscal year, and	
23	(2) sixty-four percent (64%) shall be placed to the	
24	credit of the Oklahoma Tourism Capital	

1 Improvement Revolving Fund, but in no event shall
2 such apportionment exceed Nine Million Dollars
3 (\$9,000,000.00) in any fiscal year, and

4 b. any amounts which exceed the limitations of
5 subparagraph a of this paragraph shall be placed to
6 the credit of the General Revenue Fund; and

7 5. For the fiscal year beginning July 1, 2015, and for each
8 fiscal year thereafter, six one-hundredths percent (0.06%) shall be
9 placed to the credit of the Oklahoma Historical Society Capital
10 Improvement and Operations Revolving Fund, but in no event shall
11 such apportionment exceed the total amount apportioned pursuant to
12 this paragraph for the fiscal year ending on June 30, 2015. Any
13 amounts which exceed the limitations of this paragraph shall be
14 placed to the credit of the General Revenue Fund; ~~and~~

15 ~~6. During the first fiscal year after the State Board of~~
16 ~~Equalization has made a determination as provided in Section 2355.1B~~
17 ~~of this title, regarding a baseline amount of revenue apportioned~~
18 ~~pursuant to paragraph 3 of this subsection, and for each fiscal year~~
19 ~~thereafter, in no event shall monies apportioned pursuant to~~
20 ~~paragraph 3 of this subsection, paragraph 3 of Section 1403 of this~~
21 ~~title and subparagraph c of paragraph 1 of Section 2352 of this~~
22 ~~title be less than such baseline amount.~~

23 B. Provided, for the fiscal year beginning July 1, 2007, and
24 every fiscal year thereafter, an amount of revenue shall be

1 apporportioned to each municipality or county which levies a sales tax
2 subject to the provisions of Section 1357.10 of this title and
3 subsection F of Section 2701 of this title equal to the amount of
4 sales tax revenue of such municipality or county exempted by the
5 provisions of Section 1357.10 of this title and subsection F of
6 Section 2701 of this title. The Oklahoma Tax Commission shall
7 promulgate and adopt rules necessary to implement the provisions of
8 this subsection.

9 C. From the monies that would otherwise be apporportioned to the
10 General Revenue Fund pursuant to subsection A of this section, there
11 shall be apporportioned the following amounts:

12 1. For the month ending August 31, 2019:

13 a. Nine Million Six Hundred Thousand Dollars
14 (\$9,600,000.00) to the credit of the State Highway
15 Construction and Maintenance Fund created in Section
16 1501 of Title 69 of the Oklahoma Statutes, and

17 b. Two Million Dollars (\$2,000,000.00) to the credit of
18 the Oklahoma Railroad Maintenance Revolving Fund
19 created in Section 309 of Title 66 of the Oklahoma
20 Statutes;

21 2. For the month ending September 30, 2019:

22 a. Twenty Million Dollars (\$20,000,000.00) to the credit
23 of the State Highway Construction and Maintenance Fund
24

1 created in Section 1501 of Title 69 of the Oklahoma
2 Statutes, and

3 b. Two Million Dollars (\$2,000,000.00) to the credit of
4 the Oklahoma Railroad Maintenance Revolving Fund
5 created in Section 309 of Title 66 of the Oklahoma
6 Statutes;

7 3. For the month ending October 31, 2019:

8 a. Twenty Million Dollars (\$20,000,000.00) to the credit
9 of the State Highway Construction and Maintenance Fund
10 created in Section 1501 of Title 69 of the Oklahoma
11 Statutes, and

12 b. Two Million Dollars (\$2,000,000.00) to the credit of
13 the Oklahoma Railroad Maintenance Revolving Fund
14 created in Section 309 of Title 66 of the Oklahoma
15 Statutes;

16 4. For the month ending November 30, 2019:

17 a. Twenty Million Dollars (\$20,000,000.00) to the credit
18 of the State Highway Construction and Maintenance Fund
19 created in Section 1501 of Title 69 of the Oklahoma
20 Statutes, and

21 b. Two Million Dollars (\$2,000,000.00) to the credit of
22 the Oklahoma Railroad Maintenance Revolving Fund
23 created in Section 309 of Title 66 of the Oklahoma
24 Statutes; and

1 5. For the month ending December 31, 2019:

2 a. Twenty Million Dollars (\$20,000,000.00) to the credit
3 of the State Highway Construction and Maintenance Fund
4 created in Section 1501 of Title 69 of the Oklahoma
5 Statutes, and

6 b. Two Million Dollars (\$2,000,000.00) to the credit of
7 the Oklahoma Railroad Maintenance Revolving Fund
8 created in Section 309 of Title 66 of the Oklahoma
9 Statutes.

10 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1403, as
11 last amended by Section 9, Chapter 17, 2nd Extraordinary Session,
12 O.S.L. 2018 (68 O.S. Supp. 2019, Section 1403), is amended to read
13 as follows:

14 Section 1403. A. It is hereby declared to be the purpose of
15 Section 1401 et seq. of this title to provide for the support of the
16 functions of the state and local government of Oklahoma; and for
17 this purpose and to this end, it is hereby expressly provided that
18 the revenues derived hereunder, subject to the apportionment
19 provided in subsection B of this section and to the apportionment
20 requirements for the Oklahoma Tax Commission and Office of
21 Management and Enterprise Services Joint Computer Enhancement Fund
22 provided by Section 265 of this title, are hereby apportioned as
23 follows:
24

1. ~~a.~~ the following amounts shall be paid by the Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature:

Fiscal Year	Amount
FY 2004	85.35%
FY 2005	85.14%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 <u>through FY 2022</u>	<u>83.61%</u>
<u>FY 2023 through FY 2027</u>	<u>83.11%</u>
<u>FY 2028</u> and each fiscal year thereafter	83.61%

~~b. in the event that additional monies are necessary pursuant to paragraph 6 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;~~

2. ~~Ten~~ The following amounts shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education:

a. for FY 2020, ten and forty-six one-hundredths percent (10.46%) ~~shall be paid to the State Treasurer to be~~

~~placed to the credit of the Education Reform Revolving Fund of the State Department of Education,~~

b. for FY 2021:

(1) for the month beginning July 1, 2020, through the month ending August 31, 2020, ten and forty-six one-hundredths percent (10.46%), and

(2) for the month beginning September 1, 2020, through the month ending June 30, 2021, eleven and ninety-six one-hundredths percent (11.96%),

c. for FY 2022, eleven and seventy-one one-hundredths percent (11.71%), and

d. for FY 2023 and each fiscal year thereafter, ten and forty-six one-hundredths percent (10.46%);

3. 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%
FY 2007	4.5%
FY 2008 <u>through FY 2020</u>	<u>5.0%</u>
<u>FY 2021:</u>	

1 such apportionment exceed the total amount
2 apportioned pursuant to this division for the
3 fiscal year ending on June 30, 2015, and

4 b. any amounts which exceed the limitations of
5 subparagraph a of this paragraph shall be placed to
6 the credit of the General Revenue Fund; and

7 5. For the fiscal year beginning July 1, 2015, and for each
8 fiscal year thereafter, six one-hundredths percent (0.06%) shall be
9 placed to the credit of the Oklahoma Historical Society Capital
10 Improvement and Operations Revolving Fund, but in no event shall
11 such apportionment exceed the total amount apportioned pursuant to
12 this paragraph for the fiscal year ending on June 30, 2015. Any
13 amounts which exceed the limitations of this paragraph shall be
14 placed to the credit of the General Revenue Fund; ~~and~~

15 ~~6. During the first fiscal year after the State Board of~~
16 ~~Equalization has made a determination as provided in Section 2355.1B~~
17 ~~of this title, regarding a baseline amount of revenue apportioned~~
18 ~~pursuant to paragraph 3 of this section, and for each fiscal year~~
19 ~~thereafter, in no event shall monies apportioned pursuant to~~
20 ~~paragraph 3 of this section, paragraph 3 of Section 1353 of this~~
21 ~~title and subparagraph c of paragraph 1 of Section 2352 of this~~
22 ~~title be less than such baseline amount.~~

23 B. Prior to the apportionments otherwise provided in this
24 section, there shall be apportioned to the Education Reform

1 by Section 19 of Title 73 of the Oklahoma Statutes, shall be
2 distributed as follows:

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

10 a. ~~(1)~~ the following amounts shall be paid to the State
11 Treasurer to be placed to the credit of the
12 General Revenue Fund of the state for such fiscal
13 year for the support of the state government to
14 be paid out only pursuant to appropriation by the
15 Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 <u>through FY 2022</u>	<u>85.66%</u>
<u>FY 2023 through FY 2027</u>	<u>85.16%</u>
<u>FY 2028</u> and each fiscal year thereafter	85.66%

1 ~~(2) in the event that additional monies are necessary~~
2 ~~pursuant to paragraph 3 of this section, such~~
3 ~~additional monies shall be deducted in the~~
4 ~~proportion determined by the State Board of~~
5 ~~Equalization pursuant to paragraph 3 of Section~~
6 ~~2355.1B of this title from the monies apportioned~~
7 ~~to the General Revenue Fund,~~

8 b. the following amounts shall be paid to the State
9 Treasurer to be placed to the credit of the Education
10 Reform Revolving Fund of the State Department of
11 Education:

12 (1) for FY 2003 through FY 2020, eight and thirty-
13 four one-hundredths percent (8.34%),

14 (2) for FY 2021:

15 (a) for the month beginning July 1, 2020,
16 through the month ending August 31, 2020,
17 eight and thirty-four one-hundredths percent
18 (8.34%), and

19 (b) for the month beginning September 1, 2020,
20 through the month ending June 30, 2021, nine
21 and eighty-four one-hundredths percent
22 (9.84%),

23 (3) for FY 2022, nine and fifty-nine one-hundredths
24 percent (9.59%), and

1 (4) for FY 2023 and each fiscal year thereafter,
2 eight and thirty-four one-hundredths percent
3 (8.34%) shall be paid to the State Treasurer to
4 be placed to the credit of the Education Reform
5 Revolving Fund,

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

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 <u>through FY 2020</u>	<u>5.0%</u>
<u>FY 2021:</u>	
<u>(1)</u> <u>for the month beginning</u> <u>July 1, 2020, through</u> <u>the month ending August</u> <u>31, 2020</u>	<u>5.0%</u>
<u>(2)</u> <u>for the month beginning</u> <u>September 1, 2020,</u> <u>through the month ending</u> <u>June 30, 2021</u>	<u>3.5%</u>
<u>FY 2022</u>	<u>3.75%</u>

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

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

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

21 (1) (a) FY 2018 through FY 2022 until
22 the apportionment to the
23 General Revenue Fund equals
24 the moving five-year average

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

4 (b) FY 2023 through FY 2027 until
5 the apportionment to the
6 General Revenue Fund equals
7 the moving five-year average
8 amount for corporate income
9 tax as prescribed by
10 paragraph 3 of this section 77.00%

11 (c) FY 2028 and each fiscal year
12 thereafter until the
13 apportionment to the General
14 Revenue Fund equals the
15 moving five-year average
16 amount for corporate income
17 tax as prescribed by
18 paragraph 4 3 of this section 77.50%

19 (2) there shall be apportioned from the tax
20 levy imposed on corporate income tax to
21 the Revenue Stabilization Fund created by
22 Section ~~±~~ 34.102 of ~~this act~~ Title 62 of
23 the Oklahoma Statutes, or to the
24 Constitutional Reserve Fund, as provided

1 by Section ~~4~~ 34.102 of ~~this act~~ Title 62
2 of the Oklahoma Statutes, the amount of
3 revenue, if any, which exceeds the moving
4 five-year average amount as defined
5 pursuant to paragraph ~~4~~ 3 of this
6 section,

7 b. The following amounts shall be paid to the State
8 Treasurer to be placed to the credit of the Education
9 Reform Revolving Fund of the State Department of
10 Education:

11 (1) for FY 2003 through FY 2020, sixteen and five
12 tenths percent (16.5%),

13 (2) for FY 2021:

14 (a) for the month beginning July 1, 2020,
15 through the month ending August 31, 2020,
16 sixteen and five-tenths percent (16.5%), and

17 (b) for the month beginning September 1, 2020,
18 through the month ending June 30, 2021,
19 eighteen percent (18%),

20 (3) for FY 2022, seventeen and seventy-five one-
21 hundredths percent (17.75%), and

22 (4) for FY 2023 and each fiscal year thereafter,
23 sixteen and five-tenths percent (16.5%) shall be
24 paid to the State Treasurer to be placed to the

~~credit of the Education Reform Revolving Fund of
the State Department of Education,~~

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%
FY 2007	4.5%
FY 2008 <u>through FY 2020</u>	<u>5.0%</u>
<u>FY 2021:</u>	
(1) <u>for the month beginning</u> <u>July 1, 2020, through</u> <u>the month ending August</u> <u>31, 2020</u>	<u>5.0%</u>
(2) <u>for the month beginning</u> <u>September 1, 2020,</u> <u>through the month ending</u> <u>June 30, 2021</u>	<u>3.5%</u>
<u>FY 2022</u>	<u>3.75%</u>
<u>FY 2023 through FY 2027</u>	<u>5.5%</u>
<u>FY 2028</u> and each fiscal year thereafter	5.0%

1 d. for FY 2003 and each fiscal year thereafter, one
2 percent (1%) shall be placed to the credit of the Ad
3 Valorem Reimbursement Fund;

4 ~~3. During the first fiscal year after the State Board of~~
5 ~~Equalization has made a determination as provided in Section 2355.1B~~
6 ~~of this title, regarding a baseline amount of revenue apportioned~~
7 ~~pursuant to subparagraph c of paragraph 1 of this section, and for~~
8 ~~each fiscal year thereafter, in no event shall monies apportioned~~
9 ~~pursuant to subparagraph c of paragraph 1 of this section, paragraph~~
10 ~~3 of Section 1353 of this title and paragraph 3 of Section 1403 of~~
11 ~~this title be less than such baseline amount, and~~

12 ~~4. 3. "Moving five-year average for corporate income tax"~~
13 means, for purposes of the apportionments prescribed by this
14 section, the amount of income tax on corporations, as determined by
15 the State Board of Equalization in the manner prescribed by Section
16 ~~2~~ 34.103 of this act Title 62 of the Oklahoma Statutes.

17 SECTION 4. This act shall become effective September 1, 2020.

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19 DIRECT TO CALENDAR.
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