

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1404
Version:	CS
Request Number:	8348
Author:	Rep. Humphrey
Date:	3/5/2019
Impact:	\$0
	County Option

Research Analysis

The committee substitute for HB1404 authorizes counties to levy a severance tax on rock, gravel, granite, sand, limestone and other natural materials mined in the county by a for-profit business for the purpose of producing aggregate upon approval from the voters of the county. The tax must be used for the construction or improvement of roads and bridges and cannot exceed 10 cents per ton of material produced. If the mining or extracting of aggregates takes place within the incorporated areas of a municipality, the county and municipality where the mining took place will equally split the proceeds of the severance tax.

Upon approval of a county tax on aggregates, the Oklahoma Tax Commission is required to give notice to all relevant taxpayers of a rate change at least 60 days prior to the effective date of the rate change. Failure to provide timely notice will delay the effective date of the tax until the first day of the next calendar quarter. The measure also authorizes counties to contract with the OTC for collection and enforcement of the tax. In ~~exchange~~, the OTC will charge the county a fee equal to .5 percent of the gross collection proceeds.

Prepared By: Quyen Do

Fiscal Analysis

HB 1404 proposes new law to provide for a seven percent (7%) tax on the severance of rock, gravel, granite, sand, gypsum, limestone or any other natural materials mined for purposes of producing aggregate within the state by any lawfully recognized for-profit business entity. The resulting severance tax proceeds shall be paid to the county or municipality treasurer to be placed in the county or municipality general revenue fund. The measure also proposes two exemptions: (1) aggregates extracted by a person from real property they own and not sold for profit and (2) limestone extracted for agricultural purposes. The imposition of a county severance tax will have no estimated impact to state revenues.

Prepared By: Mark Tygret

Other Considerations

None.

