

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 440
Version:	INT
Request No.:	526
Author:	Sen. Simpson
Date:	01/18/2019

Bill Analysis

SB 440 authorizes counties to levy a severance tax upon the severance of rock, gravel, granite, sand, limestone or any other natural materials mined for purposes of producing aggregate within the territorial limits of the county. The tax will not apply to individuals extracting aggregates from property owned by the individual.

The tax must be approved by the voters of the county called by the board of county commissioners or upon receiving a petition signed by at least 5% of the voters in the county. After calling an election and receiving the approval of a majority of county voters, the county may levy a tax of up to \$0.10 per ton of on the production of rock, gravel, granite, sand and limestone. The tax may be limited or unlimited in duration. Revenues must be deposited in the county general fund used for roads and bridges.

All materials sold in a county that collects sales tax will receive credit against the severance tax, excepting cases wherein the material is sold to an entity not subject to the sales tax. If the material is extracted within a municipality, 50% of the revenue shall be apportioned to that municipality.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: 2/18/2019

BILL NUMBER: SB 440 STATUS AND DATE OF BILL: Introduced 1/16/19

AUTHORS: House n/a Senate Simpson

TAX TYPE (S): Gross Production SUBJECT: Tax Levy

PROPOSAL: New Law

SB 440 proposes new law to provide for the levy of a tax imposed 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 upon being approved by a majority of the registered voters of each county or by an initiative petition signed by not less than five percent (5%) of the registered voters of each county.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: -0-

FY 21: -0-

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 20: Minimal

Feb. 19, 2019
DATE

Rick Miller
DIVISION DIRECTOR

klb

2-19-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-19-19
DATE

[Signature]
FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

Attachment to Revenue Impact SB 440 [Introduced] Prepared February 18, 2019

SB 440 proposes new law to provide for the levy of a tax imposed 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 upon being approved by a majority of the registered voters of each county or by an initiative petition signed by not less than five percent (5%) of the registered voters of each county. However, such materials sold where an appropriate county sales tax was charged, collected and remitted to the county where the materials were severed shall receive a credit against the severance tax in the same amount of the sales tax portion that was remitted to the county of origin. SB 440 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 board of commissioners of a county levying a tax pursuant to the provisions of this bill and the Tax Commission are authorized to enter into a contract whereby the Tax Commission shall have the authority to assess, collect and enforce the tax and penalties or interest. For providing such assistance the Tax Commission shall charge a fee of one-half of one percent (1/2 of 1%) of the gross collection proceeds.

The imposition of a county severance tax will have no estimated impact to state revenues. The revenues derived from the tax would be apportioned to the county general fund of the county where such rock, gravel, granite, sand, gypsum, and limestone was obtained. The amount of county revenue that would be collected is unknown. There is a minimal estimated administrative impact to the Tax Commission.