

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 HOUSE BILL 3621

By: Virgin

4
5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; defining
8 terms; exempting the sale of food and food
9 ingredients from sales tax; authorizing the Oklahoma
10 Tax Commission to promulgate rules; amending 68 O.S.
11 2021, Sections 1370, 1370.1, 1370.2, 1370.2A, 1370.4,
12 1370.5, 1370.6, 1370.7, 1370.8 and 2701, which relate
13 to sales tax; permitting certain county sales tax
14 levy; permitting certain municipal sales tax levy;
15 updating references; expanding municipalities'
16 authority to tax; providing for codification;
17 providing an effective date; and declaring an
18 emergency.

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

20 SECTION 1. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 1357.11 of Title 68, unless
22 there is created a duplication in numbering, reads as follows:

23 A. As used in this section:

24 1. "Food and food ingredients" shall mean substances, whether
in liquid, concentrated, solid, frozen, dried or dehydrated form,
that are sold for ingestion or chewing by humans and are consumed
for their taste or nutritional value. Food and food ingredients
shall not include:

- 1 a. alcoholic beverages,
- 2 b. bottled water,
- 3 c. candy,
- 4 d. dietary supplements,
- 5 e. marijuana, usable marijuana or marijuana-infused
- 6 products,
- 7 f. prepared food,
- 8 g. soft drinks, or
- 9 h. tobacco;

10 2. "Alcoholic beverages" shall mean beverages that are suitable
11 for human consumption and contain one-half of one percent (0.5%) or
12 more of alcohol by volume;

13 3. "Candy" shall mean a preparation of sugar, honey or other
14 natural or artificial sweeteners in combination with chocolate,
15 fruits, nuts or other ingredients or flavorings in the form of bars,
16 drops or pieces. Candy shall not include any preparation containing
17 flour or requiring refrigeration;

18 4. "Dietary supplements" shall mean any product, other than
19 tobacco, intended to supplement the diet that:

- 20 a. contains one or more of the following dietary
21 ingredients:
 - 22 (1) a vitamin,
 - 23 (2) a mineral,
 - 24 (3) an herb or other botanical,

- (4) an amino acid,
- (5) a dietary substance to supplement the diet by increasing the total dietary intake, or
- (6) a concentrate, metabolite, constituent, extract, or combination of any ingredient described in divisions (1) through (5) of this subparagraph,

b. is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or, if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet, and

c. is required to be labeled as a dietary supplement, identifiable by the label and as required pursuant to Section 101.36 of Title 21 of the Code of Federal Regulations;

5. "Prepared food" shall mean:

a. food sold in a heated state or that is heated by the seller,

b. two or more food ingredients mixed or combined by the seller for sale as a single item, or

c. food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws;

1 6. "Soft drinks" shall mean any nonalcoholic beverages that
2 contain natural or artificial sweeteners. Soft drinks shall not
3 include beverages that contain:

- 4 a. milk or milk products,
- 5 b. soy, rice, oat, or similar milk substitutes, or
- 6 c. greater than fifty percent (50%) of vegetable or fruit
7 juice by volume; and

8 7. "Tobacco" shall mean cigarettes, cigars, chewing or pipe
9 tobacco, or any other item that contains tobacco.

10 B. The retail sale of food and food ingredients, sold for human
11 consumption off the premises where sold, shall be exempt from the
12 tax imposed by Section 1354 of Title 68 of the Oklahoma Statutes
13 except:

14 1. Starting July 1, 2022, and ending not later than June 30,
15 2023, three percent (3%) of the gross receipts upon which the tax is
16 levied; and

17 2. Starting July 1, 2023, and ending not later than June 30,
18 2024, one and one-half percent (1.5%) of the gross receipts upon
19 which the tax is levied.

20 C. The exemption provided for in subsection B of this section
21 shall not apply to any county or municipal sales tax imposed
22 pursuant to law by a county or municipality.

1 D. The Oklahoma Tax Commission shall promulgate any necessary
2 rules to implement the provisions of this section in accordance with
3 the Streamlined Sales and Use Tax Agreement.

4 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1370, is
5 amended to read as follows:

6 Section 1370. A. In accordance with the provisions of Section
7 ~~± 1354.36~~ of this ~~act~~ title, any county of this state may levy a
8 sales tax of not to exceed two percent (2%) upon the gross proceeds
9 or gross receipts derived from all sales or services in the county
10 upon which a consumer's sales tax is levied by this state except as
11 authorized in subsection C of Section 1 of this act. Before a sales
12 tax may be levied by the county, the imposition of the tax shall
13 first be approved by a majority of the registered voters of the
14 county voting thereon at a special election called by the board of
15 county commissioners or by initiative petition signed by not less
16 than five percent (5%) of the registered voters of the county who
17 were registered at the time of the last general election. However,
18 if a majority of the registered voters of a county voting fail to
19 approve such a tax, the board of county commissioners shall not call
20 another special election for such purpose for six (6) months. Any
21 sales tax approved by the registered voters of a county shall be
22 applicable only when the point of sale is within the territorial
23 limits of such county. Any sales tax levied or any change in the
24 rate of a sales tax levied pursuant to the provisions of this

1 section shall become effective on the first day of the calendar
2 quarter following approval by the voters of the county unless
3 another effective date, which shall also be on the first day of a
4 calendar quarter, is specified in the ordinance or resolution
5 levying the sales tax or changing the rate of sales tax.

6 B. The Oklahoma Tax Commission shall give notice to all vendors
7 of a rate change at least sixty (60) days prior to the effective
8 date of the rate change. Provided, for purchases from printed
9 catalogs wherein the purchaser computed the tax based upon local tax
10 rates published in the catalog, the rate change shall not be
11 effective until the first day of a calendar quarter after a minimum
12 of one hundred twenty (120) days' notice to vendors. Failure to
13 give notice as required by this section shall delay the effective
14 date of the rate change to the first day of the next calendar
15 quarter.

16 C. Initiative petitions calling for a special election
17 concerning county sales tax proposals shall be in accordance with
18 Sections 2, 3, 3.1, 6, 18 and 24 of Title 34 of the Oklahoma
19 Statutes. Petitions shall be submitted to the office of county
20 clerk for approval as to form prior to circulation. Following
21 approval, the petitioner shall have ninety (90) days to secure the
22 required signatures. After securing the requisite number of
23 signatures, the petitioner shall submit the petition and signatures
24 to the county clerk. Following the verification of signatures, the

1 county clerk shall present the petition to the board of county
2 commissioners. The special election shall be held within sixty (60)
3 days of receiving the petition. The ballot title presented to the
4 voters at the special election shall be identical to the ballot as
5 presented in the initiative petition.

6 D. Subject to the provisions of Section 1357.10 of this title
7 and except as provided in subsection C of Section 1 of this act, all
8 items that are exempt from the state sales tax shall be exempt from
9 any sales tax levied by a county.

10 E. Any sales tax which may be levied by a county shall be
11 designated for a particular purpose. Such purposes may include, but
12 are not limited to, projects owned by the state, any agency or
13 instrumentality thereof, the county and/or any political subdivision
14 located in whole or in part within such county, regional
15 development, economic development, common education, general
16 operations, capital improvements, county roads, weather modification
17 or any other purpose deemed, by a majority vote of the county
18 commissioners or as stated by initiative petition, to be necessary
19 to promote safety, security and the general well-being of the
20 people, including any authorized purpose pursuant to the Oklahoma
21 Community Economic Development Pooled Finance Act. The county shall
22 identify the purpose of the sales tax when it is presented to the
23 voters pursuant to the provisions of subsection A of this section.
24 Except as otherwise provided in this section and except as required

1 by the Oklahoma Community Economic Development Pooled Finance Act,
2 the proceeds of any sales tax levied by a county shall be deposited
3 in the general revenue or sales tax revolving fund of the county and
4 shall be used only for the purpose for which such sales tax was
5 designated. If the proceeds of any sales tax levied by a county
6 pursuant to this section are pledged for the purpose of retiring
7 indebtedness incurred for the specific purpose for which the sales
8 tax is imposed, the sales tax shall not be repealed until such time
9 as the indebtedness is retired. However, in no event shall the life
10 of the tax be extended beyond the duration approved by the voters of
11 the county.

12 F. 1. Notwithstanding any other provisions of law, any county
13 that has approved a sales tax for the construction, support or
14 operation of a county hospital may continue to collect such tax if
15 such hospital is subsequently sold. Such collection shall only
16 continue if the county remains indebted for the past construction,
17 support or operation of such hospital. The collection may continue
18 only until the debt is repaid or for the stated term of the sales
19 tax, whichever period is shorter.

20 2. If the construction, support or operation of a hospital is
21 funded through the levy of a county sales tax pursuant to this
22 section and such hospital is subsequently sold, the county levying
23 the tax may dissolve the governing board of such hospital following
24 the sale. Upon the sale of the hospital and dissolution of any

1 governing board, the county is relieved of any future liability for
2 the operation of such hospital.

3 G. Proceeds from any sales tax levied that is designated to be
4 used solely by the sheriff for the operation of the office of
5 sheriff shall be placed in the special revenue account of the
6 sheriff.

7 H. The life of the tax could be limited or unlimited in
8 duration. The county shall identify the duration of the tax when it
9 is presented to the voters pursuant to the provisions of subsections
10 A and C of this section. The maximum duration of a levy imposed
11 pursuant to Section 891.14 of Title 62 of the Oklahoma Statutes
12 shall be no longer than allowed pursuant to the Oklahoma Community
13 Economic Development Pooled Finance Act.

14 I. Except for the levies imposed pursuant to Section 891.14 of
15 Title 62 of the Oklahoma Statutes, there are hereby created one or
16 more county sales tax revolving funds in each county which levies a
17 sales tax under this section if any or all of the proceeds of such
18 tax are not to be deposited in the general revenue fund of the
19 county or comply with the provisions of subsection G of this
20 section. Each such revolving fund shall be designated for a
21 particular purpose and shall consist of all monies generated by such
22 sales tax which are designated for such purpose. Monies in such
23 funds shall only be expended for the purposes specifically
24 designated as required by this section. A county sales tax

1 revolving fund shall be a continuing fund not subject to fiscal year
2 limitations.

3 J. In the case of a levy submitted for voter approval pursuant
4 to Section 891.14 of Title 62 of the Oklahoma Statutes, taxes levied
5 by a county shall not become valid until the ordinance or resolution
6 setting the rate of the levy shall have been approved by a majority
7 vote of the registered voters of each such county voting on such
8 question at a special election. Elections conducted pursuant to
9 questions submitted pursuant to Section 891.14 of Title 62 of the
10 Oklahoma Statutes shall be conducted on the same date or in a
11 sequence that provides that the last vote required for approval by
12 all participating counties or municipalities occurs not later than
13 thirty (30) days after the date upon which the first vote occurs.

14 SECTION 3. AMENDATORY 68 O.S. 2021, Section 1370.1, is
15 amended to read as follows:

16 Section 1370.1 Notwithstanding the provisions of Section 1370
17 of this title and in accordance with the provisions of Section ~~4~~
18 1354.36 of this ~~act~~ title, any county of this state with a
19 population of more than three hundred thousand (300,000) according
20 to the latest Federal Decennial Census may levy a sales tax of not
21 to exceed one-half of one percent (~~1/2 of 1~~ 0.5%) upon the gross
22 proceeds or gross receipts derived from all sales or services in the
23 county upon which a consumer's sales tax is levied by the state,

24

1 except as provided in subsection C of Section 1 of this act, subject
2 to the following conditions:

3 1. The proceeds of such sales tax shall be used solely for the
4 purpose of constructing and equipping county jail facilities or
5 capital improvements for jail facilities only;

6 2. Before a sales tax may be levied by the county, the
7 imposition of the tax shall first be approved by a majority of the
8 registered voters of the county voting thereon at a special election
9 called by resolution of the board of county commissioners;

10 3. Such sales tax can only be imposed for a period not to
11 exceed three (3) years; and

12 4. Any special election called pursuant to this section must be
13 held no later than January 1, 1992.

14 SECTION 4. AMENDATORY 68 O.S. 2021, Section 1370.2, is
15 amended to read as follows:

16 Section 1370.2 Notwithstanding the provisions of Section 1370
17 of this title and in accordance with the provisions of Section ~~4~~
18 1354.36 of this ~~act~~ title, any county of this state with a
19 population of more than three hundred thousand (300,000) according
20 to the latest Federal Decennial Census may levy a sales tax of not
21 to exceed one percent (1%) upon the gross proceeds or gross receipts
22 derived from all sales or services in the county upon which a
23 consumer's sales tax is levied by the state, except as provided in
24 paragraph 8 of Section 1357 of this title and except as provided in

1 subsection C of Section 1 of this act, subject to the following
2 conditions:

3 1. The proceeds of such sales tax and the interest thereon
4 shall be used solely for the purpose of development of qualified
5 aircraft maintenance or manufacturing facilities and any necessary
6 infrastructure changes or airport improvements directly related to
7 such facilities located within the county to be owned by the county,
8 any municipality within the county or a public trust in which the
9 county or municipality is a beneficiary. However, such municipality
10 or public trust shall hold such title for the use and benefit of the
11 residents of the entire county in which the tax is levied and
12 collected. The acceptance by the municipality or public trust of
13 any title or tax proceeds shall be deemed an acceptance of this
14 requirement. The board of county commissioners of any county that
15 has approved the imposition of a sales tax pursuant to this section
16 may not commence the collection of any such sales tax until a
17 qualified aircraft maintenance or manufacturing facility has signed
18 an agreement to locate such facility within the county. As used in
19 this paragraph, "qualified aircraft maintenance or manufacturing
20 facility" means a new or expanding facility primarily engaged in
21 aircraft repair, building or rebuilding, whether or not on a factory
22 basis, whose total cost of construction exceeds the sum of One
23 Hundred Fifty Million Dollars (\$150,000,000.00) and which employs at
24 least one thousand (1,000) new full-time-equivalent employees, as

1 certified by the Employment Security Commission upon completion of
2 the facility;

3 2. Before a sales tax may be levied by the county, the
4 imposition of the tax shall first be approved by a majority of the
5 registered voters of the county voting thereon at a special election
6 called by resolution of the board of county commissioners;

7 3. The monies collected pursuant to the provisions of this
8 section shall only be expended by the board of county commissioners
9 to finance an amount not to exceed twenty-five percent (25%) of the
10 total cost of construction of the qualified aircraft maintenance or
11 manufacturing facility and any necessary infrastructure changes or
12 airport improvements directly related to such facility; and

13 4. Such sales tax can only be imposed for a period not to
14 exceed three (3) years.

15 SECTION 5. AMENDATORY 68 O.S. 2021, Section 1370.2A, is
16 amended to read as follows:

17 Section 1370.2A Notwithstanding the provisions of Section 1370
18 of this title and in accordance with the provisions of Section ~~1~~
19 1354.36 of this ~~act~~ title, any county of this state with a
20 population of more than three hundred thousand (300,000) according
21 to the latest Federal Decennial Census may levy a sales tax of not
22 to exceed one percent (1%) upon the gross proceeds or gross receipts
23 derived from all sales or services in the county upon which a
24 consumer's sales tax is levied by the state, except as provided in

1 subsection C of Section 1 of this act, subject to the following
2 conditions:

3 1. The proceeds of such sales tax and the interest thereon
4 shall be used solely for the purpose of acquisition and development
5 of qualified manufacturing facilities, related machinery and
6 equipment and any necessary infrastructure changes or improvements
7 related to such facilities located within the county to be owned by
8 the county, any municipality within the county or a public trust in
9 which the county or municipality is a beneficiary. However, such
10 municipality or public trust shall hold such title for the use and
11 benefit of the residents of the entire county in which the tax is
12 levied and collected. The acceptance by the municipality or public
13 trust of any title or tax proceeds shall be deemed an acceptance of
14 this requirement. The board of county commissioners of any county
15 that has approved the imposition of a sales tax pursuant to this
16 section may not commence the collection of any such sales tax until
17 a qualified manufacturing facility has signed an agreement to locate
18 such facility within the county. As used in this paragraph,
19 "qualified manufacturing facility" means a new or expanding facility
20 primarily engaged in manufacturing, production and/or assembly of
21 consumer or other products, whether or not on a factory basis, whose
22 total cost of acquisition and construction exceeds the sum of
23 Fifteen Million Dollars (\$15,000,000.00) and which will employ at
24 least one thousand (1,000) new full-time-equivalent employees, as

1 certified by the Employment Security Commission within three (3)
2 years after the completion of the facility;

3 2. Before a sales tax may be levied by the county, the
4 imposition of the tax shall first be approved by a majority of the
5 registered voters of the county voting thereon at a special election
6 called by resolution of the board of county commissioners in the
7 manner provided by law for county elections;

8 3. The monies collected pursuant to the provisions of this
9 section shall only be expended by the board of county commissioners
10 to finance an amount not to exceed twenty-five percent (25%) of the
11 total cost related to the acquisition and construction of the
12 qualified manufacturing facility, related machinery and equipment
13 and any necessary infrastructure changes or improvements directly
14 related to such facility; and

15 4. Such sales tax can only be imposed for a period not to
16 exceed three (3) years.

17 SECTION 6. AMENDATORY 68 O.S. 2021, Section 1370.4, is
18 amended to read as follows:

19 Section 1370.4 Notwithstanding the provisions of Section 1370
20 of this title and in accordance with the provisions of Section ~~1~~
21 1354.36 of this ~~act~~ title, any county of this state with a
22 population of more than three hundred thousand (300,000) according
23 to the latest Federal Decennial Census may levy a sales tax of not
24 to exceed one percent (1%) upon the gross proceeds or gross receipts

1 derived from all sales or services in the county upon which a
2 consumer's sales tax is levied by the state, except as provided in
3 paragraph 8 of Section 1357 of this title and except as provided in
4 subsection C of Section 1 of this act, subject to the following
5 conditions:

6 1. The proceeds of such sales tax and the interest thereon
7 shall be used solely for the purpose of development of facilities
8 for lease or conveyance to the government of the United States and
9 any necessary infrastructure changes or improvements directly
10 related to such facilities located within the county. The board of
11 county commissioners of any county that has approved the imposition
12 of a sales tax pursuant to this section may not commence the
13 collection of any such sales tax until an agreement to locate such
14 facility within the county is reached;

15 2. Before a sales tax may be levied by the county, the
16 imposition of the tax shall first be approved by a majority of the
17 registered voters of the county voting thereon at a special election
18 called by resolution of the board of county commissioners;

19 3. The monies collected pursuant to the provisions of this
20 section shall only be expended by the board of county commissioners
21 to finance the construction of the facility and any necessary
22 infrastructure changes or improvements directly related to such
23 facility; and
24

1 4. Such sales tax can only be imposed for a period not to
2 exceed three (3) years.

3 SECTION 7. AMENDATORY 68 O.S. 2021, Section 1370.5, is
4 amended to read as follows:

5 Section 1370.5 A. Notwithstanding the provisions of Section
6 1370 of this title and in accordance with the provisions of Section
7 ~~± 1354.36~~ of this ~~act~~ title, any county of this state with a
8 population of more than three hundred thousand (300,000) according
9 to the latest Federal Decennial Census may levy a sales tax of not
10 to exceed one percent (1%) upon the gross proceeds or gross receipts
11 derived from all sales or services in the county upon which a
12 consumer's sales tax is levied by the state, except as provided in
13 paragraph 8 of Section 1357 of this title and except as provided in
14 subsection C of Section 1 of this act, subject to the following
15 conditions:

16 1. The proceeds of such sales tax shall be used solely for the
17 purpose of funding one or more economic development projects;

18 2. Before a sales tax may be levied by the county, the
19 imposition of the tax shall first be approved by a majority of the
20 registered voters of the county voting thereon at a special election
21 called by resolution of the board of county commissioners;

22 3. Such sales tax can only be imposed for a period of not to
23 exceed three (3) years; and
24

1 4. Any special election called pursuant to this section must be
2 held no later than March 1, 1994.

3 B. The board of county commissioners shall create a limited-
4 purpose fund and deposit therein any revenue generated by any sales
5 tax levied pursuant to the provisions of subsection A of this
6 section. The fund shall be placed in an insured or collateralized
7 interest-bearing account and the interest which accrues to the fund
8 shall be retained in the fund. Monies in the limited-purpose fund
9 shall be expended only as accumulated and only for the purpose
10 specifically described in paragraph 1 of subsection A of this
11 section.

12 C. As used in this section, "economic development project"
13 means any project which the board of county commissioners determines
14 will promote, enhance or improve economic conditions within the
15 county.

16 SECTION 8. AMENDATORY 68 O.S. 2021, Section 1370.6, is
17 amended to read as follows:

18 Section 1370.6 A. Notwithstanding the provisions of Section
19 1370 of this title and in accordance with Section ~~4~~ 1354.36 of this
20 ~~act~~ title, any county of this state with a population of more than
21 three hundred thousand (300,000) according to the latest Federal
22 Decennial Census may levy a sales tax of not to exceed one percent
23 (1%) upon the gross proceeds or gross receipts derived from all
24 sales or services in the county upon which a consumer's sales tax is

1 levied by the state, except as provided in paragraph 8 of Section
2 1357 of this title and except as provided in subsection C of Section
3 1 of this act, subject to the following conditions:

4 1. The proceeds of such sales tax shall be used solely for the
5 purpose of funding one or more projects for new public improvements;

6 2. Before a sales tax may be levied by the county, the
7 imposition of the tax shall first be approved by a majority of the
8 registered voters of the county voting thereon at a special election
9 called by resolution of the board of county commissioners;

10 3. Such sales tax can only be imposed for a period of not to
11 exceed three (3) years; and

12 4. Any special election called pursuant to this section must be
13 held no later than March 1, 1994.

14 B. The board of county commissioners shall create a limited-
15 purpose fund and deposit therein any revenue generated by any sales
16 tax levied pursuant to the provisions of subsection A of this
17 section. The fund shall be placed in an insured interest-bearing
18 account and the interest which accrues to the fund shall be retained
19 in the fund. Monies in the limited-purpose fund shall be expended
20 only as accumulated and only for the purpose specifically described
21 in paragraph 1 of subsection A of this section.

22 C. As used in this section:

23 1. "Projects for new public improvements" means any new and
24 beneficial change, addition, betterment or enhancement of or upon

1 any real property belonging to a public agency, intended to enhance
2 the value, beauty or utility of said property or to adapt it to new
3 or further purposes; and

4 2. "Public agency" means the State of Oklahoma and any county,
5 city, public trust or other public entity specifically created by
6 the statutes of the State of Oklahoma or as a result of statutory
7 authorization contained therein.

8 SECTION 9. AMENDATORY 68 O.S. 2021, Section 1370.7, is
9 amended to read as follows:

10 Section 1370.7 A. As used in this section, the following terms
11 shall have the following meanings:

12 1. "Agency" includes but is not limited to extant
13 transportation operating systems;

14 2. "Operation" includes but is not limited to leasing services,
15 contracting for services, planning, staffing, operating, financing,
16 construction and maintenance of a transportation or regional
17 economic project regardless of the source of funding;

18 3. "Regional district" means a specific governing and
19 assessment district created out of any combination of any portions
20 of any cities, towns or counties, either equal to or less than the
21 entirety of the boundaries of such cities, towns or counties;

22 4. "Transportation project or system" includes but is not
23 limited to transit, commuter and passenger rail service or
24 operations or intermodal facilities, the components of which

1 contribute to a system that incorporates transportation modes of
2 highway, air, rail and waterway together in order to facilitate the
3 movement of commerce; and

4 5. "User fees" means farebox revenues.

5 B. Any combination of cities, towns and counties, or their
6 agencies, by resolution of their governing boards, may jointly
7 create a transportation authority or regional economic development
8 authority and a regional district pursuant to the provisions of
9 Section 176 of Title 60 of the Oklahoma Statutes for the purpose of
10 planning, financing, construction, maintenance and operation of
11 transportation or regional economic development projects located
12 within the boundaries of such regional district. An authority
13 created pursuant to the provisions of this subsection shall have the
14 powers granted pursuant to the provisions of Section 176 of Title 60
15 of the Oklahoma Statutes in addition to the powers granted pursuant
16 to the provisions of this section except that no transportation or
17 regional economic development authority created pursuant to the
18 provisions of this subsection shall have any power or authority to
19 exercise or to attempt to exercise any powers of eminent domain.
20 The combination of cities, towns and counties, or their agencies,
21 creating the authority shall be designated the beneficiary of the
22 authority. The boundaries of the authority shall be coterminous
23 with the boundaries of the regional district. The authority shall
24 be governed by a board of directors appointed by the governing

1 boards of the cities, towns or counties creating such authority, and
2 the representative makeup of the board and the number of directors,
3 their duties and terms of service shall be determined by such
4 governing boards creating such authority.

5 C. Any transportation authority or regional economic
6 development authority created pursuant to the provisions of
7 subsection B of this section may levy a sales tax of not to exceed
8 two percent (2%) upon the gross proceeds or gross receipts derived
9 from all sales or services in the regional district comprising the
10 authority upon which a consumer's sales tax is levied by this state.
11 Before a sales tax may be levied by the authority, the imposition of
12 the tax shall first be approved by a majority of votes cast by the
13 registered voters within the boundaries of the regional district
14 comprising the authority voting thereon at a special election
15 jointly called by the governing boards of the cities, towns and
16 counties comprising the authority. Provided, if a majority of the
17 votes cast by registered voters of an authority voting fail to
18 approve such a tax, the governing boards of such cities, towns and
19 counties shall not jointly call another special election for such
20 purpose for at least six (6) months. Any sales tax approved by the
21 registered voters of an authority shall be applicable only when the
22 point of sale is within the boundaries or limits of the authority
23 and provided no other sales tax is being levied pursuant to this
24 section in the same regional district during the same time period.

1 D. All items that are exempt from the state sales tax shall be
2 exempt from any sales tax levied pursuant to the provisions of this
3 section; however, this subsection shall not apply to the exemption
4 provided for in subsection C of Section 1 of this act.

5 E. Any sales tax which may be levied pursuant to the provisions
6 of this section shall be designated for the purposes of planning,
7 financing, construction, maintenance and operation of transportation
8 or regional economic development projects within the boundaries of
9 the authority. The authority shall identify the purpose of the
10 sales tax when it is presented to the voters pursuant to the
11 provisions of this section. The proceeds of any sales tax levied by
12 an authority shall be used only for the purposes for which the sales
13 tax was designated.

14 F. The authority shall identify the specific duration of the
15 tax when it is presented to the voters pursuant to the provisions of
16 this section and shall include specific language in the ballot title
17 disclosing the duration of the tax. A levy by a transportation
18 authority or a regional economic development authority shall have a
19 maximum duration of thirty (30) years if the proceeds from the tax
20 are pledged to the repayment of indebtedness, a maximum duration of
21 twenty (20) years if the proceeds from the tax are to be used for
22 expenditures other than the repayment of indebtedness, or for as
23 long as such authority is in operation.

1 G. An authority created pursuant to the provisions of
2 subsection B of this section may utilize the provisions of the Local
3 Development Act as it relates to the financing of such
4 transportation or regional economic development projects.

5 H. A transportation or regional economic development authority
6 created pursuant to this section shall exist for the duration of the
7 operation and no longer than one (1) year after cessation of the
8 operation.

9 I. Providing that at cessation of operations the proceeds of
10 any tax levied by an authority pursuant to this section are pledged
11 for the purpose of retiring indebtedness incurred for the specific
12 purpose for which the tax is imposed, the tax shall not be repealed
13 until such time as the indebtedness is retired. In no event shall
14 the life of the tax be extended beyond the duration approved by the
15 voters of the authority.

16 J. If the revenue collected from any taxes levied by the
17 authority exceeds the amount necessary for payment of any and all
18 expenses incurred by the authority in the planning, financing,
19 construction, maintenance and operation of transportation or
20 regional economic development projects, the excess funds shall be
21 apportioned to the general funds of the cities, towns and counties
22 comprising the authority in proportion to the population of each
23 city, town and county within the regional district.

24

1 K. A transportation authority created pursuant to the
2 provisions of subsection B of this section may provide for the
3 financing of a transportation system utilizing any revenue measures
4 available pursuant to subsections B through J of this section in
5 combination with revenue derived from user fees.

6 SECTION 10. AMENDATORY 68 O.S. 2021, Section 1370.8, is
7 amended to read as follows:

8 Section 1370.8 A. In accordance with the provisions of Section
9 ~~± 1354.36~~ of this ~~act~~ title, any combination of cities, towns and
10 counties, by resolution of their governing boards, may jointly
11 create a hospital authority pursuant to the provisions of Section
12 176 of Title 60 of the Oklahoma Statutes for the purpose of
13 planning, financing and constructing hospitals or related medical
14 facilities located within the boundaries of such cities, towns or
15 counties. An authority created pursuant to the provisions of this
16 subsection shall have the powers granted pursuant to the provisions
17 of Section 176 of Title 60 of the Oklahoma Statutes in addition to
18 the powers granted pursuant to the provisions of this section. The
19 combination of cities, towns and counties creating the authority
20 shall be designated the beneficiary of the authority. The
21 boundaries of the authority shall be coterminous with the boundaries
22 of the cities, towns or counties creating the authority.

23 B. Any hospital authority created pursuant to the provisions of
24 subsection A of this section may levy a sales tax of not to exceed

1 two percent (2%) upon the gross proceeds or gross receipts derived
2 from all sales or services in the cities, towns and counties
3 comprising the authority upon which a consumer's sales tax is levied
4 by this state. Before a sales tax may be levied by the authority,
5 the imposition of the tax shall first be approved by a majority of
6 the registered voters within the boundaries of each of the cities,
7 towns and counties comprising the authority voting thereon at a
8 special election jointly called by the governing boards of the
9 cities, towns and counties comprising the authority. Provided, if a
10 majority of the registered voters of an authority voting fail to
11 approve such a tax, the governing boards of such cities, towns and
12 counties shall not jointly call another special election for such
13 purpose for at least six (6) months. Any sales tax approved by the
14 registered voters of an authority shall be applicable only when the
15 point of sale is within the boundaries or limits of the authority.

16 C. All items that are exempt from the state sales tax shall be
17 exempt from any sales tax levied pursuant to the provisions of this
18 section; however, this subsection shall not apply to the exemption
19 provided for in subsection C of Section 1 of this act.

20 D. Any sales tax which may be levied pursuant to the provisions
21 of this section shall be designated for the purposes of planning,
22 financing and constructing hospitals or related medical facilities
23 within the boundaries of the authority. The authority shall
24 identify the purpose of the sales tax when it is presented to the

1 voters pursuant to the provisions of this section. The proceeds of
2 any sales tax levied by an authority shall be used only for the
3 purposes for which the sales tax was designated.

4 E. The authority shall identify the duration of the tax when it
5 is presented to the voters pursuant to the provisions of this
6 section.

7 F. An authority created pursuant to the provisions of
8 subsection A of this section may utilize the provisions of the Local
9 Development Act as it relates to the financing of such hospitals or
10 related medical facilities.

11 G. An authority created pursuant to the provisions of
12 subsection A of this section shall be dissolved:

13 1. At such time as the planning, financing and constructing of
14 the hospitals or related medical facilities within the boundaries of
15 the authority is completed; and

16 2. At such time as the revenue collected from any taxes levied
17 by the authority is sufficient for payment of any and all expenses
18 incurred by the authority in the planning, financing and
19 constructing of a hospital or related medical facility.

20 H. If the proceeds of any tax levied by an authority pursuant
21 to this section are pledged for the purpose of retiring indebtedness
22 incurred for the specific purpose for which the tax is imposed, the
23 tax shall not be repealed until such time as the indebtedness is
24 retired. Notwithstanding any other provisions of law, any county or

1 hospital authority that has approved a sales tax for the support and
2 operation of a county hospital may continue to collect such tax if
3 such hospital is subsequently sold. Such collection shall only
4 continue if the county or hospital authority remains indebted for
5 the support and operation of such hospital and only until the debt
6 is repaid or for the stated term of the tax, whichever period is
7 shorter. In no event shall the life of the tax be extended beyond
8 the duration approved by the voters of the authority.

9 I. If the revenue collected from any taxes levied by the
10 authority exceeds the amount necessary for payment of any and all
11 expenses incurred by the authority in the planning, financing and
12 constructing of hospitals or related medical facilities, the excess
13 funds shall be apportioned to the general funds of the cities, towns
14 and counties comprising the authority in proportion to the
15 population of each city, town and county.

16 J. If the construction, support, or operation of a hospital is
17 funded through the levy of a sales tax by a county or hospital
18 authority pursuant to this section and such hospital is subsequently
19 sold, the county or hospital authority levying the tax may dissolve
20 the governing board of such hospital at the time of the sale. When
21 the sale of the hospital and dissolution of any governing board is
22 final, the county or hospital authority is thereby relieved of any
23 liability for the operation of such hospital.

24

1 SECTION 11. AMENDATORY 68 O.S. 2021, Section 2701, is
2 amended to read as follows:

3 Section 2701. A. Any incorporated city or town in this state
4 is hereby authorized to assess, levy, and collect taxes for general
5 and special purposes of municipal government as the Legislature may
6 levy and collect for purposes of state government, subject to the
7 provisions of subsection F of this section and subsection C of
8 Section 1 of this act, except ad valorem property taxes. Provided:

9 1. Taxes shall be uniform upon the same class subjects, and any
10 tax, charge, or fee levied upon or measured by income or receipts
11 from the sale of products or services shall be uniform upon all
12 classes of taxpayers;

13 2. Motor vehicles may be taxed by the city or town only when
14 such vehicles are primarily used or located in such city or town for
15 a period of time longer than six (6) months of a taxable year;

16 3. The provisions of this section shall not be construed to
17 authorize imposition of any tax upon persons, firms, or corporations
18 exempted from other taxation under the provisions of Sections 348.1,
19 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
20 payment of taxes imposed under such sections;

21 4. Cooperatives and communications companies are hereby
22 authorized to pass on to their subscribers in the incorporated city
23 or town involved, the amount of any special municipal fee, charge or
24

1 tax hereafter assessed or levied on or collected from such
2 cooperatives or communications companies;

3 5. No earnings, payroll or income taxes may be levied on
4 nonresidents of the cities or towns levying such tax;

5 6. The governing body of any city or town shall be prohibited
6 from proposing taxing ordinances more often than three times in any
7 calendar year, or twice in any six-month period; and

8 7. Any revenues derived from a tax authorized by this
9 subsection not dedicated to a limited purpose shall be deposited in
10 the municipal general fund.

11 B. A sales tax authorized in subsection A of this section may
12 be levied for limited purposes specified in the ordinance levying
13 the tax. Such ordinance shall be submitted to the voters for
14 approval as provided in Section 2705 of this title. Any sales tax
15 levied or any change in the rate of a sales tax levied pursuant to
16 the provisions of this section shall become effective on the first
17 day of the calendar quarter following approval by the voters of the
18 city or town unless another effective date, which shall also be on
19 the first day of a calendar quarter, is specified in the ordinance
20 levying the sales tax or changing the rate of sales tax. Such
21 ordinance shall describe with specificity the projects or
22 expenditures for which the limited-purpose tax levy would be made.
23 The municipal governing body shall create a limited-purpose fund and
24 deposit therein any revenue generated by any tax levied pursuant to

1 this subsection. Money in the fund shall be accumulated from year
2 to year. The fund shall be placed in an insured interest-bearing
3 account and the interest which accrues on the fund shall be retained
4 in the fund. The fund shall be nonfiscal and shall not be
5 considered in computing any levy when the municipality makes its
6 estimate to the excise board for needed appropriations. Money in
7 the limited-purpose tax fund shall be expended only as accumulated
8 and only for the purposes specifically described in the taxing
9 ordinance as approved by the voters.

10 C. The Oklahoma Tax Commission shall give notice to all vendors
11 of a rate change at least sixty (60) days prior to the effective
12 date of the rate change. Provided, for purchases from printed
13 catalogs wherein the purchaser computed the tax based upon local tax
14 rates published in the catalog, the rate change shall not be
15 effective until the first day of a calendar quarter after a minimum
16 of one hundred twenty- (120) days' notice to vendors. Failure to
17 give notice as required by this section shall delay the effective
18 date of the rate change to the first day of the next calendar
19 quarter.

20 D. The change in the boundary of a municipality shall be
21 effective, for sales and use tax purposes only, on the first day of
22 a calendar quarter after a minimum of sixty (60) days' notice to
23 vendors.

24

1 E. If the proceeds of any sales tax levied by a municipality
2 pursuant to subsection B of this section are being used by the
3 municipality for the purpose of retiring indebtedness incurred by
4 the municipality or by a public trust of which the municipality is a
5 beneficiary for the specific purpose for which the sales tax was
6 imposed, the sales tax shall not be repealed until such time as the
7 indebtedness is retired. However, in no event shall the life of the
8 tax be extended beyond the duration approved by the voters of the
9 municipality. The provisions of this subsection shall apply to all
10 sales tax levies imposed by a municipality and being used by the
11 municipality for the purposes set forth in this subsection prior to
12 or after July 1, 1995.

13 F. The sale of an article of clothing or footwear designed to
14 be worn on or about the human body shall be exempt from the sales
15 tax imposed by any incorporated city or town, in accordance with and
16 to the extent set forth in Section 1357.10 of this title.

17 G. Any municipality that levies a dedicated tax pursuant to a
18 vote of the people for the purpose of funding public safety or any
19 other governmental purpose shall not redirect all or a portion of
20 the dedicated tax revenue to another purpose without a vote of the
21 people authorizing such action.

22 SECTION 12. This act shall become effective July 1, 2022.

23 SECTION 13. It being immediately necessary for the preservation
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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