

SHORT TITLE: Revenue and taxation; notice; counties; audit of sales tax expenditures; report of irregularities. Effective date. Emergency.

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

SENATE BILL NO. 1284

By: Gustafson

AS INTRODUCED

An Act relating to revenue and taxation; providing notice requirement for county election boards; amending 68 O.S. 1991, Section 1370, as last amended by Section 1, Chapter 228, O.S.L. 1996 (68 O.S. Supp. 1997, Section 1370), which relates to local taxes; requiring county election boards to send copies of certain ballots to State Auditor and Inspector; requiring board of county commissioners to provide copies of expenditures to the State Auditor and Inspector; requiring audit of local sales tax expenditures; setting procedures for audit; requiring expense of audit be paid by county; requiring reporting of irregularities; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3-130 of Title 26, unless there is created a duplication in numbering, reads as follows:

Within fifteen (15) days from the date of a county election concerning a sales tax question, the county election board shall send to the State Auditor and Inspector a copy of the ballot

concerning the sales tax question. This section only applies if the sales tax question was passed by the voters of the county.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 1370, as last amended by Section 1, Chapter 228, O.S.L. 1996 (68 O.S. Supp. 1997, Section 1370), is amended to read as follows:

Section 1370. A. Any county of this state may levy a sales tax of not to exceed two percent (2%) upon the gross proceeds or gross receipts derived from all sales or services in the county upon which a consumer's sales tax is levied by this state. Before a sales tax may be levied by the county, the imposition of the tax shall first be approved by a majority of the registered voters of the county voting thereon at a special election called by the board of county commissioners or by initiative petition signed by not less than five percent (5%) of the registered voters of the county who were registered at the time of the last general election. However, if a majority of the registered voters of a county voting fail to approve such a tax, the board of county commissioners shall not call another special election for such purpose for six (6) months. Any sales tax approved by the registered voters of a county shall be applicable only when the point of sale is within the territorial limits of such county.

B. All items that are exempt from the state sales tax shall be exempt from any sales tax levied by a county.

C. Any sales tax which may be levied by a county shall be designated for a particular purpose. Such purposes may include, but are not limited to, economic development, general operations, capital improvements, county roads, weather modification or any other purpose deemed, by a majority vote of the county commissioners, to be necessary to promote safety, security and the general well being of the people. The county shall identify the purpose of the sales tax when it is presented to the voters pursuant to the provisions of subsection A of this section. The proceeds of

any sales tax levied by a county shall be deposited in the general revenue or sales tax revolving fund of the county and shall be used only for the purpose for which such sales tax was designated. If the proceeds of any sales tax levied by a county pursuant to this section are pledged for the purpose of retiring indebtedness incurred for the specific purpose for which the sales tax is imposed, the sales tax shall not be repealed until such time as the indebtedness is retired. However, in no event shall the life of the tax be extended beyond the duration approved by the voters of the county.

D. The life of the tax could be limited or unlimited in duration. The county shall identify the duration of the tax when it is presented to the voters pursuant to the provisions of subsection A of this section.

E. There are hereby created one or more county sales tax revolving funds in each county which levies a sales tax under this section if any or all of the proceeds of such tax are not to be deposited in the general revenue fund of the county. Each such revolving fund shall be designated for a particular purpose and shall consist of all monies generated by such sales tax which are designated for such purpose. Monies in such funds shall only be expended for the purposes specifically designated as required by this section. A county sales tax revolving fund shall be a continuing fund, not subject to fiscal year limitations.

F. The board of county commissioners of each county shall provide copies of all ledgers or records of the expenditures of sales tax proceeds to the State Auditor and Inspector upon request by the State Auditor and Inspector. The board of county commissioners of each county shall further cooperate with the State Auditor and Inspector to provide any additional copies or information relating to the expenditure of sales tax proceeds as requested by the State Auditor and Inspector. The board of county

commissioners of each county shall provide the requested copies within fifteen (15) days from receipt of the request.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 226A of Title 74, unless there is created a duplication in numbering, reads as follows:

A. The State Auditor and Inspector shall make an annual audit of the expenditures of county sales tax revenue in order to determine whether the expenditures are being made according to law and constitutional provisions.

B. Upon receipt from a county election board of a county ballot concerning a sales tax question which was passed by the voters of a county, the State Auditor and Inspector will schedule an initial audit date one (1) year from receipt of the ballot. The State Auditor and Inspector will set additional audit dates for each succeeding year over the life of the proceeds of the sales tax. The audit will consist of a review of the ledgers and records of the expenditures of the sales tax proceeds.

C. The State Auditor and Inspector shall request in writing from the board of county commissioners where the sales tax election occurred, copies of all ledgers or records of the expenditures of the sales tax proceeds for the one-year audit period. Said request shall be made within twenty (20) days from the date the audit is scheduled to begin. The request shall indicate the period for which the audit is to cover. The expense of the audit shall be paid by the county.

D. The State Auditor and Inspector shall make a report and keep a record of the audit. All copies of ledgers and records of the expenditure of sales tax proceeds need only be kept by the State Auditor and Inspector for the life of the proceeds of the sales tax. After the sales tax proceeds have been fully expended, all records provided to the State Auditor and Inspector may be destroyed. The

State Auditor and Inspector shall, however, retain its report of the audit.

E. The State Auditor and Inspector shall report any irregularities in the expenditure of sales tax proceeds to the Office of the Attorney General within thirty (30) days from the making of the report.

SECTION 4. This act shall become effective July 1, 1998.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

46-2-2363

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