

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

SENATE BILL 862

By: Muegge

AS INTRODUCED

An Act relating to agriculture; creating the Oklahoma Poultry Waste Utilization Incentive Act; defining terms; making an assessment; providing for remittance and reports; providing for contents; requiring records; providing penalty; requiring accounting; creating the Poultry Waste Utilization Incentive Fund; providing for composition; providing for expenditures and deposits; providing for apportionments and allotments; requiring application; requiring certain information; providing for compensation; providing for determination of rates; providing for promulgation of rules; requiring report; requiring audits; providing for codification; providing effective dates; 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 10-101 of Title 2, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Poultry Waste Utilization Incentive Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-102 of Title 2, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Poultry Waste Utilization Incentive Act:

1. "Board" means the State Board of Agriculture;
2. "Contract growing arrangement" means any growout contract, marketing agreement, or other arrangement under which a contract poultry grower cares for or raises poultry, in accord with another's instructions;

3. "Contract poultry grower" means any person engaged in the business of caring for or raising poultry, under a contract growing arrangement, if the poultry is owned by such person or by an integrator;

4. "Department" means the State Department of Agriculture;

5. "Integrator" means an entity which unites the elements associated with the poultry industry, including, but not limited to, hatching, feeding, processing and marketing. It includes, but is not limited to, situations when growing is contracted out to others and when the integrator operates its own growing facilities;

6. "Poultry" means chickens, turkeys, ducks, geese or other fowl;

7. "Poultry processing facility" means a facility which slaughters, cans, stuffs, renders, bones, cuts up or otherwise manufactures or processes poultry carcasses in whole or in part;

8. "Poultry waste utilization business" means a business at which poultry waste is collected, recycled, processed or recovered into reusable products including, but not limited to, fertilizer and animal feed; and

9. "Poultry waste" means excrement, poultry carcasses, feed waste, process wastewater, poultry litter and other waste associated with the confinement of poultry from a poultry feeding operation.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-103 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. There shall be an assessment of two cents (\$0.02) per live poultry purchased, received, owned or controlled by an integrator at time of collection from contract poultry growers in this state for transportation to a poultry processing facility.

B. The assessment imposed pursuant to the provisions of this section shall be an assessment on the integrator for the purpose of providing revenue to the Poultry Waste Utilization Incentive Fund.

C. The assessment shall be imposed at the time of collection and transportation of live poultry and remitted to the Oklahoma Tax Commission by the integrator as provided by Section 4 of this act.

D. Integrators shall be prohibited from assessing contract growers for the assessment imposed by this section and from in any manner attempting to impose the cost of such assessment on the contract poultry growers.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-104 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. It shall be the duty of every integrator to remit any assessment required by the provisions of the Oklahoma Poultry Waste Utilization Incentive Act, and make and submit an assessment collection report to the Oklahoma Tax Commission as required by this section.

B. 1. The integrator shall make and submit, for each calendar month, an itemized and verified report showing:

- a. the name of the integrator,
- b. the species and total amount of poultry collected from each contract poultry grower in this state and transported to a poultry processing facility during the preceding month,
- c. such further information as the Tax Commission may require to enable it to compute correctly and collect the assessment made pursuant to the Oklahoma Poultry Waste Utilization Incentive Act.

2. Every six (6) months the Department shall send an invoice to the integrator detailing the total number of poultry reported during the previous six (6) months and the total amount of assessment due for deposit in the Poultry Waste Utilization Incentive Fund.

3. The assessment imposed pursuant to the provisions of Section 3 of this act shall be remitted to the Oklahoma Tax Commission once

every six (6) months beginning six (6) months after the effective date of this act and in the manner required by the Oklahoma Tax Commission.

C. 1. Every integrator shall keep and preserve suitable records of the total number of poultry collected from the contract poultry growers in this state and transported to a poultry processing facility, and such other pertinent records and documents necessary to determine the amount of assessment due, as will substantiate and prove the accuracy of the reports.

2. All the records shall be preserved for a period of three (3) years, unless the Tax Commission, in writing, has authorized their destruction or disposal at an earlier date.

3. The records shall be open for examination by employees of the Tax Commission and the Department of Agriculture in the performance of their duties pursuant to law.

D. Any integrator which fails to comply with any provisions of this section shall pay a penalty imposed by the Tax Commission. Any monies collected for payment of the penalty shall be deposited in the same manner as the assessments pursuant to the provisions of the Oklahoma Poultry Waste Utilization Incentive Act. The penalty shall be equal to ten percent (10%) of the assessment amount incurred by the integrator for the report period for which the integrator failed to timely mail the required report or remit any monies due pursuant to the provisions of the Oklahoma Poultry Waste Utilization Incentive Act.

E. The Tax Commission shall keep a separate accounting of all the monies received pursuant to this section and together with any interests and penalties thereon shall deposit such monies monthly as provided in the Oklahoma Poultry Waste Utilization Incentive Act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-105 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Poultry Waste Utilization Incentive Fund". The Incentive Fund shall be administered by the Oklahoma Tax Commission pursuant to the provisions of Section 6 of this act.

B. The Incentive Fund shall consist of:

1. All monies received by the Commission as proceeds from the assessment and penalties imposed pursuant to Section 4 of this act; and

2. Money received by the Commission in the form of gifts, grants, reimbursements, or from any other source intended to be used for the purposes specified by or collected pursuant to the provisions of the Poultry Waste Utilization Incentive Fund.

C. The monies deposited in the Incentive Fund shall at no time become part of the general budget of the Commission or any other state agency. Except as provided for in Section 6 of this act, no monies from the Incentive Fund shall be transferred for any purpose to any other state agency or any account of the Commission or be used for the purpose of contracting with any other state agency or reimbursing any other state agency for any expense.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-106 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. Of the monies accruing annually to the Poultry Waste Utilization Incentive Fund, four percent (4%) thereof shall be apportioned to the Oklahoma Tax Commission and four percent (4%) thereof shall be apportioned to the Department of Agriculture for the purpose of administering the requirements of the Oklahoma Poultry Waste Utilization Incentive Act.

B. Of the ninety-two percent (92%) of the remaining monies in the Poultry Waste Utilization Incentive Fund, ten percent (10%) shall be allocated to poultry waste utilization businesses located

in Oklahoma which manufacture new products or reprocess poultry waste according to the provisions of this act. Such businesses shall be eligible for compensation in a total amount not to exceed fifty percent (50%) of their capital investment in equipment necessary to process poultry waste purchased on or after July 1, 2000, at a rate to be determined by the Department of Agriculture pursuant to Section 10 of this act for each ton of processed poultry waste consumed in the manufacturing process. Funds shall be awarded based on the funds available pursuant to this subsection and the relative amount of each capital investment. Such businesses may apply for compensation monthly to the Oklahoma Tax Commission, and shall supply any information required by the Commission to document the number of tons of poultry waste processed and any other information required by the Commission.

C. In addition, an amount not to exceed Fifty Thousand Dollars (\$50,000.00) per required audit shall be available to the State Auditor and Inspector for the purpose of conducting audits of the Poultry Waste Utilization Incentive Program pursuant to Section 12 of this act.

D. The balance of the monies remaining in the Poultry Waste Utilization Incentive Fund shall be allocated to persons or other legal entities authorized by the provisions of the Oklahoma Poultry Waste Utilization Incentive Act to receive reimbursement for the hauling of poultry waste to poultry waste utilization businesses or to designated regions of the state determined by the Oklahoma Conservation Commission to have soil conditions which would derive benefit from land application of poultry waste.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-107 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. In addition to the monies made available for equipment, poultry waste utilization businesses shall also be eligible for

compensation from the Poultry Waste Utilization Incentive Fund for processing poultry waste in this state to the extent that funds are therein contained, at a rate to be determined by the Department of Agriculture pursuant to Section 10 of this act for each ton of poultry waste processed in any calendar year by the facility as demonstrated through the application and submission of documentation to the Oklahoma Tax Commission.

B. Any poultry waste hauler shall be eligible for compensation at a rate to be determined by the Department of Agriculture pursuant to Section 10 of this act for each ton of poultry waste collected and transported and delivered to a poultry waste utilization business or transported to designated regions of the state determined by the Oklahoma Conservation Commission to have soil conditions which would derive benefit from land application of poultry waste.

C. Compensation pursuant to this section shall be payable only for the poultry waste collected, transported and delivered to a poultry waste utilization business, for poultry waste transported to designated regions of the state for land application and for the poultry waste actually processed by the poultry waste utilization business in accordance with the provisions of the Oklahoma Poultry Waste Utilization Incentive Act and as authorized by the Department pursuant thereto.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-108 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. 1. A poultry waste utilization business, or a person or other legal entity authorized to receive reimbursement pursuant to Section 7 of this act, desiring to be compensated from the Poultry Waste Utilization Incentive Fund shall first make application to the Oklahoma Tax Commission on forms prescribed by the Tax Commission containing documentation as required by the Oklahoma Poultry Waste

Utilization Incentive Act and such other information as the Tax Commission determines is needed to comply with the Oklahoma Poultry Waste Utilization Incentive Act.

2. On at least a monthly basis, the Tax Commission shall evaluate and process applications.

B. 1. Poultry waste utilization businesses shall report and certify poultry waste processing activity in terms of weight. The poultry waste utilization business shall by sworn affidavit provide sufficient information to verify that the facility has processed poultry waste in accordance with the purposes of the Oklahoma Poultry Waste Utilization Incentive Act.

2. Persons and other legal entities authorized to receive reimbursement for hauling poultry waste pursuant to Section 7 of this act shall report and certify the tons of poultry waste collected, transported and delivered to poultry waste utilization businesses or transported to designated regions of the state for land application. Such persons or other legal entities shall by sworn affidavit provide sufficient information to verify that such person or legal entity has collected, transported and delivered the poultry waste in accordance with Section 7 of this act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-109 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. Upon receiving completed applications and upon determining that there are sufficient monies in the Poultry Waste Utilization Incentive Fund, the Oklahoma Tax Commission shall compensate poultry waste utilization businesses and any person or other legal entity authorized to receive reimbursement pursuant to Section 7 of this act as applicable for:

1. Processing the tons documented in the application; or
2. The collection, transportation and delivery of poultry waste documented in the application.



B. If the Incentive Fund contains insufficient funds in any month, then the Oklahoma Tax Commission shall apportion the payments among all the qualifying applicants on a pro rata basis.

C. The Department shall evaluate each poultry waste utilization business and legal entity authorized to receive reimbursement pursuant to Section 7 of this act every three (3) years to determine such entity's compliance with this act.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-110 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. By November 1, 2000, the State Department of Agriculture and the Oklahoma Tax Commission shall determine the rate of reimbursement for processing poultry waste and the rate for collection, transportation and delivery of the poultry waste based on the number of poultry collected and transported to poultry processing facilities on a monthly basis and an estimated amount of poultry waste produced each year. The rates for reimbursement shall be sufficient to encourage the processing and reuse of poultry waste into beneficial products as well as encourage the collection and transportation of waste to poultry waste utilization businesses or to regions of the state determined by the Oklahoma Conservation Commission to have soil conditions which would derive benefit from land application of the poultry waste.

B. The State Board of Agriculture and the Oklahoma Tax Commission shall promulgate rules to carry out the provisions of the Oklahoma Poultry Waste Utilization Incentive Act which pertain to the determination and remittance of assessments and the allocation of monies accruing to the Poultry Waste Utilization Incentive Fund.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-111 of Title 2, unless there is created a duplication in numbering, reads as follows:

The Department of Agriculture shall file a report with the Legislature and Governor detailing the administration of the Oklahoma Poultry Waste Utilization Incentive Act and its effectiveness in bringing about the prevention of water pollution in this state. The first report shall be filed by no later than December 31, 2001. Subsequent reports shall be filed every three (3) years thereafter.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 10-112 of Title 2, unless there is created a duplication in numbering, reads as follows:

A. By August 1, 2002, and every even year thereafter, the State Auditor and Inspector shall conduct or shall contract with an auditor or auditing company to conduct an independent audit of the books, records, files and other such documents of the Department of Agriculture and the Oklahoma Tax Commission pertaining to and which relate to the administration of the Poultry Waste Utilization Incentive Fund. The audit shall include, but shall not be limited to, a review of agency and claimant compliance with state statutes regarding the Fund, internal control procedures, adequacy of claim process expenditures from and debits of the Fund regarding reimbursements, administration, personnel and operating and other expenses charged by the Department and the Tax Commission; the duties performed in detail by agency personnel and Fund personnel for which payment is made from the Fund, and recommendations for improving claim processing, equipment needed for claim processing, internal control or structure for administering the Fund; and such other areas deemed necessary by the State Auditor and Inspector.

B. The cost of the audit shall be borne by the Poultry Waste Utilization Incentive Fund, pursuant to the limits and provisions of Section 6 of this act.

C. Copies of the audit shall be submitted to the State Auditor and Inspector, the Governor, the Speaker of the House of

Representatives, the President Pro Tempore of the Senate and the Chairmen of the Appropriations Committee of both the Oklahoma House of Representatives and the State Senate.

SECTION 13. Sections 1, 2, 3, 4, 5 and 10 of this act shall become effective July 1, 2000.

SECTION 14. Sections 6, 7, 8, 9, 11 and 12 shall become effective January 1, 2001.

SECTION 15. 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.

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