

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

CONFERENCE COMMITTEE  
SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 1250

By: Mitchell and Bonny of the  
House

and

Morgan and Robinson of the  
Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to state fiscal policy; creating the Revenue Source Management Revolving Fund; specifying nature of fund; providing for expenditures from fund; authorizing Department of Transportation to make payments required for certain obligations; amending 17 O.S. 2001, Section 354, as last amended by Section 1, Chapter 371, O.S.L. 2002 and 358 (17 O.S. Supp. 2002, Section 354), which relate to the Oklahoma Corporation Commission; modifying references to State Transportation Fund; providing for apportionment of certain revenue to the Revenue Source Management Revolving Fund; amending 47 O.S. 2001, Section 1104, as amended by Section 1 of Enrolled Senate Bill No. 234 of the 1st Session of the 49th Oklahoma Legislature; modifying references to State Transportation Fund; providing for apportionment of certain revenue to the Revenue Source Management Revolving Fund; amending 68 O.S. 2001, Sections 500.6, as amended by Section 4, Chapter 458, O.S.L. 2002, 500.7, 704, 707.3 and 723 (68 O.S. Supp. 2002, Section 500.6), which relate to motor fuel taxation; modifying references to State Transportation Fund; providing for apportionment of certain revenue to the Revenue Source Management Revolving Fund; amending 69 O.S. 2001, Section 1501.1, which relates to the State Transportation Fund; providing for transfer of certain amounts to the Special Cash Fund; amending 69 O.S. 2001, Section 2001, which relates to transportation funding; modifying references to State Transportation Fund; amending 73 O.S. 2001, Section 168.6, which relates to the Oklahoma Capitol Improvement Authority; making legislative findings related to next ensuing fiscal year; providing for codification; providing for noncodification; 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 10.4 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund to be designated the "Revenue Source Management Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies apportioned to the Revenue Source Management Revolving Fund by law. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended for the state's transportation needs and any other needs as authorized by the State Legislature. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. The Department of Transportation is specifically authorized to utilize the Revenue Source Management Revolving Fund to make payments required pursuant to Section 168.6 of Title 73 of the Oklahoma Statutes.

SECTION 2. AMENDATORY 17 O.S. 2001, Section 354, as last amended by Section 1, Chapter 371, O.S.L. 2002 (17 O.S. Supp. 2002, Section 354), is amended to read as follows:

Section 354. A. Except as otherwise provided by this section, there shall be an assessment of one cent (\$0.01) per gallon upon the sale of each gallon of motor fuel, diesel fuel and blending materials used or consumed in this state. The assessment imposed pursuant to the provisions of this section shall be for the purposes of providing revenue to:

1. The Oklahoma Corporation Commission Revolving Fund pursuant to paragraph 1 of subsection C of this section;

2. The Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund pursuant to paragraphs 2, 3 and 4 of subsection C of this section;

3. The ~~State Transportation~~ Revenue Source Management Revolving Fund pursuant to subparagraph c of paragraph 5 of subsection C of this section;

4. The Corporation Commission pursuant to subparagraph a of paragraph 5 of subsection C of this section;

5. The Environmental Trust Revolving Fund pursuant to subparagraph b of paragraph 5 of subsection C of this section; and

6. The Higher Education Facilities Revolving Fund pursuant to paragraphs 2 and 3 of subsection C of this section.

The assessment shall be imposed at the time of the sale of the motor fuel, diesel fuel and blending materials and shall be precollected and remitted to the Oklahoma Tax Commission in accordance with Section 500.1 et seq. of Title 68 of the Oklahoma Statutes and as provided by Section 355 of this title.

B. 1. Exempt from the assessment imposed pursuant to subsection A of this section are:

- a. the state government,
- b. the federal government,
- c. class I and class II railroads, and
- d. sales for exportation outside of this state by a licensed exporter.

2. Exempt from the assessment imposed for purposes specified in paragraph 3 of subsection A of this section are sales of:

- a. motor fuel, diesel fuel and blending materials used solely and exclusively in district-owned or leased public school buses, FFA and 4-H club trucks for the purposes of legally transporting public school children, or in the operation of vehicles used in driver training,

- b. motor fuels, diesel fuels and blending materials used solely and exclusively to propel motor vehicles on the public roads and highways of this state when leased or owned and being operated for the sole benefit of a county, city, town, volunteer fire department with a state certification and rating, rural electric cooperative, rural water and sewer district, rural ambulance service district, or federally recognized Indian tribe as specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- c. motor fuel, diesel fuel and blending materials to counties and cities and towns,
- d. diesel fuel for off-road purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- e. motor fuel, diesel fuel and blending materials used for agricultural purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes, and
- f. motor fuel, diesel fuel and blending materials used in aircraft or in aircraft engines pursuant to Section 500.10 of Title 68 of the Oklahoma Statutes.

C. The assessment imposed by subsection A of this section shall be distributed in the following manner:

1. The first One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited into the Oklahoma Corporation Commission Revolving Fund created in Section 180.7 of this title;

2. From July 1, 2002, until June 30, 2004, fifty percent (50%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Higher Education Facilities Revolving Fund and fifty percent (50%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Petroleum

Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title;

3. From July 1, 2004, until the total amount deposited since July 1, 2002, in the Higher Education Facilities Revolving Fund totals Thirty-eight Million Dollars (\$38,000,000.00) twenty-five percent (25%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Higher Education Facilities Revolving Fund and seventy-five percent (75%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title;

4. After the total amount deposited in the Higher Education Facilities Revolving Fund totals Thirty-eight Million Dollars (\$38,000,000.00), any revenue from the assessment received over the amount required in paragraph 1 of this subsection, shall be deposited in the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title in amounts necessary to maintain the maintenance level of the Indemnity Fund pursuant to subsection D of this section; and

5. The balance of any revenue from the assessment remaining above the amount required in paragraphs 1 through 4 of this subsection shall be deposited as follows:

- a. the first One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited in the Corporation Commission Storage Tank Regulation Revolving Fund for the purpose of implementing the provisions of the Oklahoma Storage Tank Regulation Act and the rules promulgated thereunder,
- b. the second One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited in the Environmental Trust Revolving Fund created in

Section 2-3-403 of Title 27A of the Oklahoma Statutes, to be used solely for the cleanup of abandoned oil and gas processing and refining sites, and

- c. the balance of the monies collected during each fiscal year shall be deposited in the ~~State Transportation~~ Revenue Source Management Revolving Fund and shall be used solely for the purpose of matching Federal-Aid funds for the construction of highways and roads in this state.

D. 1. If at any time the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund falls below the required maintenance level on or before December 31, 2012, the Administrator shall notify the Tax Commission that the Indemnity Fund has fallen below the required maintenance level and that the assessment is to be deposited into the Indemnity Fund for at least three (3) calendar months pursuant to the provisions of paragraph 2 of this subsection.

2. At least fifteen (15) days prior to the calendar month in which the assessment is to be collected for credit to the Indemnity Fund, the Tax Commission, upon notification by the Administrator that the Indemnity Fund has fallen below the required maintenance level, shall notify the suppliers, licensed importers or other appropriate persons that the assessment is being imposed for purposes of maintaining the Indemnity Fund. The notice shall include a date certain upon which to begin collecting the assessment for credit to the Indemnity Fund and a date certain for ending the assessment for credit to the Indemnity Fund. Upon notice by the Tax Commission that the assessment imposed is for credit to the Indemnity Fund, the supplier, licensed importer or other appropriate person shall also assess, for the specified period required by the Tax Commission, the sales of:

- a. motor fuel, diesel fuel and blending materials used solely and exclusively in district-owned or leased

public school buses, FFA and 4-H Club trucks for the purposes of legally transporting public school children or in the operation of vehicles used in driver's training,

- b. motor fuels, diesel fuels and blending materials used solely and exclusively to propel motor vehicles on the public roads and highways of the state when leased or owned and being operated for the sole benefit of a county, city or town, volunteer fire department with a state certification and rating, rural electric cooperative, rural water and sewer district, rural ambulance service district, or federally recognized Indian tribe as specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- c. motor fuel, diesel fuel and blending materials to counties and cities and towns,
- d. diesel fuel for off-road purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- e. motor fuel, diesel fuel and blending materials used for agricultural purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes, and
- f. motor fuel, diesel fuel and blending materials used in aircraft and aircraft engines pursuant to Section 500.10 of Title 68 of the Oklahoma Statutes.

3. After the collection period required by this subsection has expired, the revenue collected from the assessment shall be again deposited in the Corporation Commission Revolving Fund, the Environmental Trust Revolving Fund, and the ~~State Transportation Revenue Source Management Revolving~~ Revenue Source Management Revolving Fund as provided in subsection C of this section.

SECTION 3. AMENDATORY 17 O.S. 2001, Section 358, is amended to read as follows:

Section 358. A. The Corporation Commission shall submit an annual report to the Speaker of the House of Representatives and the President Pro Tempore of the Senate containing the total number of storage tank applicants requesting disbursement from the Indemnity Fund during the preceding year; the total number of storage tank applicants receiving partial payment during the preceding year and the total amount disbursed for such payments; the total number of storage tank applicants receiving full payment during the preceding year and total amount disbursed for such payments; the total number of applicants denied disbursement from the Indemnity Fund during the preceding year, and the total amount denied for such disbursement; the average time frame for providing disbursements to applicants; a historical comparison of disbursements in regard to applicants requesting disbursement, applicants receiving partial and full payments, applicants denied disbursement, and average time frame for providing disbursement; a detailed summary of administrative expenditures related to the Indemnity Fund program; other information which the Commission believes is pertinent regarding the Indemnity Fund program; and any other information requested by the Speaker of the House of Representatives or the President Pro Tempore of the Senate regarding the Indemnity Fund program.

B. The Oklahoma Tax Commission shall submit an annual report to the Speaker of the House of Representatives and the President Pro Tempore of the Senate detailing the amount of assessments collected for deposit to the Indemnity Fund and to the ~~State Transportation~~ Revenue Source Management Revolving Fund.

C. The Oklahoma Department of Transportation shall submit an annual report to the Speaker of the House of Representatives and the President Pro Tempore of the Senate detailing the expenditures made from the revenue received from the assessment levied pursuant to Section 354 of this title.

D. The reports shall include recommendations for any changes which may be required in the amount of the assessment imposed by Section 354 of this title.

SECTION 4. AMENDATORY 47 O.S. 2001, Section 1104, as amended by Section 1 of Enrolled Senate Bill No. 234 of the 1st Session of the 49th Oklahoma Legislature, is amended to read as follows:

Section 1104. A. Unless otherwise provided by law, all fees, taxes and penalties collected or received pursuant to the Oklahoma Vehicle License and Registration Act or Section 1-101 et seq. of this title shall be apportioned and distributed monthly by the Oklahoma Tax Commission in accordance with this section.

B. 1. The following percentages of the monies referred to in subsection A of this section shall be apportioned to the various school districts in accordance with paragraph 2 of this subsection:

- a. from October 1, 2000, until June 30, 2001, thirty-five and forty-six one-hundredths percent (35.46%),
- b. for the year beginning July 1, 2001, and ending June 30, 2002, thirty-five and ninety-one one-hundredths percent (35.91%), and
- c. for the year beginning July 1, 2002, and all subsequent years, thirty-six and twenty one-hundredths percent (36.20%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be apportioned to the various school districts as follows:

- a. except as otherwise provided in this subparagraph, each district shall receive the same amount of funds as such district received from the taxes and fees provided in this title in the corresponding month of the preceding year. Any district eligible for funds pursuant to the provisions of this section that was

not eligible the preceding year shall receive an amount equal to the average daily attendance of the applicable year multiplied by the average daily attendance apportionment within such county for each appropriate month. For fiscal year 1995 and thereafter, any district which received less than twenty-five percent (25%) of the average apportionment of the monies made to school districts in this state based on average daily attendance in fiscal year 1995 shall receive an amount equal to the average daily attendance in the 1994-1995 school year multiplied by the average daily attendance apportionment within the county in which the district is located for each appropriate month, and

- b. any funds remaining unallocated following the allocation provided in subparagraph a of this paragraph shall be apportioned to the various school districts so that each district shall first receive the cumulative total of the monthly apportionments for which it is otherwise eligible under subparagraph a of this paragraph and then an amount based upon the proportion that each district's average daily attendance bears to the total average daily attendance of those districts entitled to receive funds pursuant to this section as certified by the State Department of Education.

Each district's allocation of funds shall be remitted to the county treasurer of the county wherein the administrative headquarters of the district are located.

No district shall be eligible for the funds herein provided unless the district makes an ad valorem tax levy of fifteen (15) mills and maintains nine (9) years of instruction and pursuant to

the rules of the State Board of Education, is authorized to maintain ten (10) years of instruction.

C. 1. The following percentages of the monies referred to in subsection A of this section shall be remitted to the State Treasurer to be credited to the General Revenue Fund of the State Treasury:

- a. from October 1, 2000, until June 30, 2001, forty-five and ninety-seven one-hundredths percent (45.97%),
- b. for the year beginning July 1, 2001, and ending June 30, 2002, forty-five and twenty-nine one-hundredths percent (45.29%), and
- c. for the year beginning July 1, 2002, and all subsequent years, forty-four and eighty-four one-hundredths percent (44.84%).

2. In the event that additional monies are necessary pursuant to subsection M of this section, such additional monies shall be deducted from the monies apportioned to the General Revenue Fund.

D. The following percentages of the monies referred to in subsection A of this section shall be remitted to the State Treasurer to be credited to the ~~State Transportation~~ Revenue Source Management Revolving Fund:

1. From October 1, 2000, until June 30, 2001, thirty one-hundredths percent (0.30%); and
2. For the year beginning July 1, 2001, and all subsequent years, thirty-one one-hundredths percent (0.31%).

E. 1. The following percentages of the monies referred to in subsection A of this section shall be apportioned to the various counties as set forth in paragraph 2 of this section:

- a. from October 1, 2000, until June 30, 2001, seven and nine one-hundredths percent (7.09%),

- b. for the year beginning July 1, 2001, and ending June 30, 2002, seven and eighteen one-hundredths percent (7.18%), and
- c. for the year beginning July 1, 2002, and all subsequent years, seven and twenty-four one-hundredths percent (7.24%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be apportioned as follows: forty percent (40%) of such sum shall be distributed to the various counties in that proportion which the county road mileage of each county bears to the entire state road mileage as certified by the Transportation Commission and the remaining sixty percent (60%) of such sum shall be distributed to the various counties on the basis which the population and area of each county bears to the total population and area of the state. The population shall be as shown by the last Federal Census or the most recent annual estimate provided by the United States Bureau of the Census. The funds shall be used for the purpose of constructing and maintaining county highways, provided, however, the county treasurer may deposit so much of the funds in the sinking fund as may be necessary for the retirement of interest and annual accrual of indebtedness created by the issuance of county or township bonds for road purposes. Such deposits to the sinking fund shall not exceed forty percent (40%) of the funds allocated to a county pursuant to this paragraph.

F. 1. The following percentages of the monies referred to in subsection A of this section shall be remitted to the county treasurers of the respective counties and by them deposited in a separate special revenue fund to be used by the county commissioners in accordance with paragraph 2 of this subsection:

- a. from October 1, 2000, until June 30, 2001, two and fifty-three one-hundredths percent (2.53%),

- b. for the year beginning July 1, 2001, and ending June 30, 2002, two and fifty-six one-hundredths percent (2.56%), and
- c. for the year beginning July 1, 2002, and all subsequent years, two and fifty-nine one-hundredths percent (2.59%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be used for the primary purpose of matching federal funds for the construction of federal aid projects on county roads, or constructing and maintaining county or township highways and permanent bridges of such counties. The distribution of monies apportioned by this paragraph shall be made upon the basis of the current formula based upon road mileage, area and population as related to county road improvement and maintenance costs. Provided, however, the Department of Transportation may update the formula factors from time to time as necessary to account for changing conditions.

G. 1. The following percentages of the monies referred to in subsection A of this section shall be transmitted by the Tax Commission to the various counties as set forth in paragraph 2 of this subsection:

- a. from October 1, 2000, until June 30, 2001, three and fifty-five one-hundredths percent (3.55%),
- b. for the year beginning July 1, 2001, and ending June 30, 2002, three and fifty-nine one-hundredths percent (3.59%), and
- c. for the year beginning July 1, 2002, and all subsequent years, three and sixty-two one-hundredths percent (3.62%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be transmitted to the various counties on the basis of a formula to be developed by the

Department of Transportation. Such formula shall be similar to that currently used for the distribution of County Bridge Program Funds, but also taking into consideration the effect of terrain and traffic volume as related to county road improvement and maintenance costs. Provided, however, the Department of Transportation may update the formula factors from time to time as necessary to account for changing conditions. The funds shall be transmitted to the various county treasurers to be deposited in the county highway fund of their respective counties.

H. 1. The following percentages of the monies referred to in subsection A of this section shall be apportioned to the various counties as set forth in paragraph 2 of this subsection:

- a. from October 1, 2000, until June 30, 2001, eighty-one one-hundredths percent (0.81%),
- b. for the year beginning July 1, 2001, and ending June 30, 2002, eighty-two one-hundredths percent (0.82%), and
- c. for the year beginning July 1, 2002, and all subsequent years, eighty-three one-hundredths percent (0.83%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be apportioned to the various counties as follows:

- a. each county shall receive the same amount of funds as such county received from the taxes and fees provided for in the 1985 fiscal year, and
- b. any funds remaining unallocated following the allocation provided in subparagraph a of this paragraph shall be apportioned to the various counties based upon the proportion that each county's population bears to the total state population.

Each county's allocation of funds shall be remitted to the various county treasurers to be deposited in the general fund of the county and used for the support of county government.

I. 1. The following percentages of the monies referred to in subsection A of this section shall be apportioned to the various cities and incorporated towns as set forth in this paragraph 2 of this subsection:

- a. from October 1, 2000, until June 30, 2001, three and four one-hundredths percent (3.04%),
- b. for the year beginning July 1, 2001, and ending June 30, 2002, three and eight one-hundredths percent (3.08%), and
- c. for the year beginning July 1, 2002, and all subsequent years, three and ten one-hundredths percent (3.10%).

2. The monies apportioned pursuant to subparagraphs a through c of paragraph 1 of this subsection shall be apportioned to the various cities and incorporated towns based upon the proportion that each city or incorporated town's population bears to the total population of all cities and incorporated towns in the state. Such funds shall be remitted to the various county treasurers for allocation to the various cities and incorporated towns. All such funds shall be used for the construction, maintenance, repair, improvement and lighting of streets and alleys. Provided, however, the governing board of any city or town may, with the approval of the county excise board, transfer any surplus funds to the general revenue fund of such city or town whenever an emergency requires such a transfer.

J. The following percentages of the monies referred to in subsection A of this section shall be remitted to the State Treasurer to be credited to the Oklahoma Law Enforcement Retirement Fund:

1. From October 1, 2000, until June 30, 2001, one and twenty-two one-hundredths percent (1.22%);

2. For the year beginning July 1, 2001, and ending June 30, 2002, one and twenty-three one-hundredths percent (1.23%); and

3. For the year beginning July 1, 2002, and all subsequent years, one and twenty-four one-hundredths percent (1.24%).

K. Three one-hundredths of one percent (3/100 of 1%) of the monies referred to in subsection A of this section shall be remitted to the State Treasurer to be credited to the Wildlife Conservation Fund. Seventy-five percent (75%) of the funds shall be used for fish habitat restoration and twenty-five percent (25%) of the funds shall be used in the fish hatchery system for fish production.

L. Monies allocated to counties by this section may be estimated by the county excise board in the budget for the county as anticipated revenue to the extent of ninety percent (90%) of the previous year's income from such source, provided, not more than fifteen percent (15%) can be encumbered during any month.

M. In no event shall the monies apportioned pursuant to subsections B, E, F, G, H and I of this section be less than the monies apportioned in the previous fiscal year.

N. Notwithstanding any other provisions of this section, for the fiscal year beginning July 1, 2003, the first One Hundred Thousand Dollars (\$100,000.00) of the monies collected or received by the Tax Commission pursuant to the registration of motorcycles and mopeds in this state shall be placed to the credit of the Oklahoma Tax Commission Revolving Fund.

SECTION 5. AMENDATORY 68 O.S. 2001, Section 500.6, as amended by Section 4, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 500.6), is amended to read as follows:

Section 500.6 A. The tax of sixteen cents (\$0.16) per gallon of gasoline that is levied by paragraph 1 of subsection A of Section 500.4 of this title, and the tax of two and eight one-hundredths

cents (\$0.0208) per gallon of gasoline that is levied by subsection C of Section 500.4 of this title, and penalties and interest thereon, collected by the Oklahoma Tax Commission under the levy shall be apportioned and distributed monthly as follows:

1. The first Two Hundred Fifty Thousand Dollars (\$250,000.00) of the levy collected each month shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund;

2. One and six hundred twenty-five one-thousandths percent (1.625%) of the levy shall be remitted to the State Treasurer to the credit of the General Revenue Fund of the State Treasury;

3. Sixty-three and seventy-five one-hundredths percent (63.75%) of the levy shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund to be apportioned as follows:

a. the first Eight Hundred Fifty Thousand Dollars (\$850,000.00) collected each fiscal year shall be deposited into the Public Transit Revolving Fund, created in Section 4031 of Title 69 of the Oklahoma Statutes,

b. the second Eight Hundred Fifty Thousand Dollars (\$850,000.00) collected each fiscal year shall be deposited into the Oklahoma Tourism and Passenger Rail Revolving Fund and shall be used by the Department of Transportation:

(1) to contract railroad passenger services, including but not limited to a route linking stations in Oklahoma and Tulsa Counties with other primary points in the national railroad passenger system and passenger rail service within the state, and a route beginning at a

- station in Oklahoma County and extending north to the Kansas state line in Kay County, and
- (2) to provide necessary facility, signaling, and track improvements for those contracted services,
- c. forty-one and two-tenths percent (41.2%) of the monies apportioned to the ~~State Transportation~~ Revenue Source Management Revolving Fund shall be used for any purpose provided for in Section 1502 of Title 69 of the Oklahoma Statutes,
  - d. nine and eight-tenths percent (9.8%) of the monies apportioned to the ~~State Transportation~~ Revenue Source Management Revolving Fund shall be used to provide funds for the construction and maintenance of farm-to-market roads on the state highway system, and other rural farm-to-market roads and bridges, and
  - e. any remaining amount of the apportionment shall be deposited into the ~~State Transportation~~ Revenue Source Management Revolving Fund;

4. Twenty-seven percent (27%) of the levy shall be transmitted by the Tax Commission to the various counties of the state, to be apportioned and used as follows:

- a. sixty-five and three-tenths percent (65.3%) of the monies apportioned under this paragraph shall be used on the following basis:
  - (1) forty percent (40%) of such sum shall be distributed to the various counties in the proportion which the county road mileage of each county bears to the entire state road mileage as certified by the Transportation Commission, and
  - (2) the remaining sixty percent (60%) of such sum shall be distributed to the various counties on the basis which the population and area of each

county bears to the total population and area of the state. The population shall be as shown by the last Federal Decennial Census or the most recent annual estimate provided by the U.S. Bureau of the Census,

- b. twenty-three and one-tenth percent (23.1%) of the monies apportioned under this paragraph shall be distributed to the counties in the following manner: One-third (1/3) on area; one-third (1/3) on rural population, defined as including the population of all municipalities with a population of less than five thousand (5,000) according to the latest Federal Decennial Census; and one-third (1/3) on county road mileage, as last certified by the Department of Transportation, as each county bears to the entire area, rural population and road mileage of the state, and
- c. eleven and six-tenths percent (11.6%) of the monies apportioned under this paragraph shall be distributed to the various counties of the state based on a formula developed by the Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes. The formula shall be similar to the formula currently used for the distribution of monies in the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to county road improvement and maintenance costs. Any county may, by resolution of the board of county commissioners, direct the Tax Commission to deposit the funds apportioned pursuant to this

subparagraph directly into the County Bridge and Road Improvement Fund to be used for the purposes set forth in the County Bridge and Road Improvement Act;

5. Three and one hundred twenty-five one-thousandths percent (3.125%) of the levy shall be distributed to the various counties of the state based on a formula developed by the Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes. The formula shall be similar to the formula currently used for the distribution of monies in the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to county road improvement and maintenance costs. Any county may, by resolution approved by a majority of the board of county commissioners and filed with the Tax Commission, direct the Tax Commission to deposit the funds apportioned pursuant to this paragraph directly into the County Bridge and Road Improvement Fund to be used for the purposes set forth in the County Bridge and Road Improvement Act;

6. Two and six hundred twenty-five one-thousandths percent (2.625%) of the levy shall be deposited in the County Bridge and Road Improvement Fund of the State Treasury to be used for the purposes set forth in the County Bridge and Road Improvement Act; and

7. One and eight hundred seventy-five one-thousandths percent (1.875%) of the levy shall be transmitted by the Tax Commission to the treasurers of the various incorporated cities and towns of the state in the percentage which the population, as shown by the last Federal Decennial Census or the most recent annual estimate provided by the U.S. Bureau of the Census, bears to the total population of all the incorporated cities and towns in this state. The funds shall be expended for the construction, repair and maintenance of

the streets and alleys of the incorporated cities and towns of this state.

Provided, for the fiscal year beginning July 1, 2002, the first Two Hundred Thousand Dollars (\$200,000.00) of such revenues shall be apportioned to the Education Reform Revolving Fund.

B. 1. The funds apportioned or transmitted pursuant to subparagraphs a, b, and c of paragraph 4 of subsection A of this section, subsection B of Section 500.7 of this title, subsection B of Section 704 of this title, Section 706 of this title, and paragraph 2 of subsection D of Section 707.3 of this title shall be sent to the respective county treasurers and deposited in the county highway fund to be used by the county commissioners for the purpose of constructing and maintaining county highways and bridges.

2. The funds received by any county shall not be diverted to any other county of the state, and shall only be expended under the direction and control of the board of county commissioners in the county to which the funds are appropriated. If any part of the funds is diverted for any other purpose, the county commissioners shall be liable on their bond for double the amount of the money so diverted. This paragraph shall not prohibit counties from entering into cooperative agreements pertaining to the maintenance and construction of roads and bridges.

3. Where any county highway has been laid out over a road already constructed in any county by the use of money raised from county bond issues for that purpose, either alone or by the use of federal or state aid, or both, the county commissioners may set aside out of the funds apportioned to that county, as provided in this section, an amount of money equal to the value of any part thereof, of the interest of such county in such highway or bridge, which amount of money shall be considered by the excise board in reducing the levy for the purpose of retiring the bonded indebtedness and interest thereon of the county, and shall be used

for investment or deposit in the same manner as provided by law for the disposition of other sinking fund money.

4. In all counties where the county excise board may find it necessary, because of insufficient revenue, to maintain county government out of the general fund, after a levy of ten (10) mills has been made for any fiscal year, the county excise board may appropriate out of any such funds apportioned to the county an amount sufficient to pay the salaries of the county commissioners of the county for the fiscal year.

5. Counties may use funds deposited in the county highway fund for the purpose of matching federal or state funds, provided such funds are available, as necessary to secure assistance in the construction or improvement of the county road system.

C. With regards to the apportionment of the levy as set forth in paragraph 5 of subsection A of this section, paragraph 5 of subsection A of Section 500.7 of this title, and subsection C of Section 707.2 of this title:

1. If any county has an accrued balance of funds which were appropriated to or otherwise accrued in a restricted road maintenance fund, such funds shall be deposited directly to the county highway fund of the county;

2. If any county has an accrued balance of funds which were appropriated to or otherwise accrued in the County Road Improvement Fund, or the County Bridge Improvement Fund, as such funds existed prior to July 1, 1997, such funds shall, by resolution approved by a majority of the board of county commissioners and filed with the Department of Transportation, be deposited in the county highway fund of the county or shall be deposited to the County Bridge and Road Improvement Fund to be used for the purposes set forth in the County Bridge and Road Improvement Act; and

3. If any county has an advanced funding agreement with the Department of Transportation, the Department of Transportation shall

notify the Tax Commission as to the amount the county is obligated to pay according to the terms of the advanced funding agreement. The obligated amount shall be transferred each month by the Tax Commission to the Department of Transportation to the credit of the County Bridge and Road Improvement Fund from the funds apportioned to the county pursuant to paragraph 5 of subsection A of this section. A county may elect to increase the monthly amount to be repaid pursuant to the advanced funding agreement from the funds apportioned to the county, but a county shall not be permitted to reduce the amount agreed to pursuant to the advanced funding agreement.

D. The tax levied on gasoline pursuant to Section 500.4A of this title, and the penalties and interest thereon, collected by the Tax Commission under the levy shall be apportioned and distributed on a monthly basis to the State Highway Construction and Maintenance Fund for the purposes authorized by Section 1502 of Title 69 of the Oklahoma Statutes.

SECTION 6. AMENDATORY 68 O.S. 2001, Section 500.7, is amended to read as follows:

Section 500.7 A. The tax of thirteen cents (\$0.13) per gallon of diesel fuel that is levied by Section 500.4 of this title, and all penalties and interest thereon, collected by the Commission under the levy shall be apportioned and distributed monthly as follows:

1. The first Eighty-three Thousand Three Hundred Thirty-three Dollars and thirty-three cents (\$83,333.33) of the levy collected each month shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund;

2. One and thirty-nine one-hundredths percent (1.39%) of the levy shall be paid by the Commission to the State Treasurer to the credit of the General Revenue Fund of the State Treasury;

3. Sixty-four and thirty-four one-hundredths percent (64.34%) of the levy shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund;

4. Twenty-six and fifty-eight one-hundredths percent (26.58%) of the levy shall be transmitted by the Commission to various counties of the state, to be apportioned as follows:

a. forty-two and one-tenth percent (42.1%) of the monies apportioned under this paragraph shall be transmitted to the various counties in the percentage which the population and area of each county bears to the population and area of the entire state. The population shall be as shown by the last Federal Decennial Census or the most recent annual estimate provided by the U.S. Bureau of the Census,

b. fourteen and five-tenths percent (14.5%) of the monies apportioned under this paragraph shall be distributed as follows:

Forty percent (40%) of such sum shall be distributed to the various counties in that proportion which the county road mileage of each county bears to the entire state road mileage as certified by the Transportation Commission, and the remaining sixty percent (60%) of such sum shall be distributed to the various counties on the basis which the population and area of each county bears to the total population and area of the state. The population shall be as shown by the last Federal Decennial Census or the most recent annual estimate provided by the U.S. Bureau of the Census,

c. twenty-eight and nine-tenths percent (28.9%) of the monies apportioned under this paragraph shall be distributed to the several counties in the following

manner: one-third (1/3) on area, one-third (1/3) on rural population (defined as including the population of all municipalities with a population of less than five thousand (5,000) according to the latest Federal Decennial Census), and one-third (1/3) on county road mileage, as last certified by the Oklahoma Department of Transportation, as each county bears to the entire area, rural population and road mileage of the state, and

- d. fourteen and five-tenths percent (14.5%) of the monies apportioned under this paragraph shall be distributed to the various counties of the state based on a formula developed by the Oklahoma Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes. The formula shall be similar to the formula currently used for the distribution of the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to the county road improvement and maintenance costs. Any county may, by resolution approved by a majority of the board of county commissioners and filed with the Oklahoma Tax Commission, direct the Oklahoma Tax Commission to deposit the funds so apportioned by this subparagraph directly into the County Bridge and Road Improvement Fund to be used for the purposes set forth in the County Bridge and Road Improvement Act;

5. Three and eighty-five one-hundredths percent (3.85%) of the levy shall be distributed based on a formula developed by the Oklahoma Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section

302.1 of Title 69 of the Oklahoma Statutes. The formula shall be similar to the formula currently used for the distribution of the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to the county road improvement and maintenance costs. Any county may, by resolution approved by a majority of the board of county commissioners and filed with the Oklahoma Tax Commission, direct the Oklahoma Tax Commission to deposit the funds so apportioned by this paragraph directly into the County Bridge and Road Improvement Fund to be used for the purposes set forth in the County Bridge and Road Improvement Act. The apportionment of the levy as set forth in this paragraph shall be subject to the provisions of subsection C of Section 500.6 of this title; and

6. Three and eighty-four one-hundredths percent (3.84%) of the levy shall be deposited in the County Bridge and Road Improvement Fund of the State Treasury to be used for the purposes set forth in the County Bridge and Road Improvement Act.

B. The funds apportioned or transmitted pursuant to the provisions of subparagraphs a, b, and c of paragraph 4 of subsection A of this section shall be used in accordance with and subject to the provisions of subsection B of Section 500.6 of this title.

C. The tax levied on diesel fuel pursuant to Section 500.4A of this title, and all penalties and interest thereon, collected by the Commission under the levy shall be apportioned and distributed on a monthly basis to the State Highway Construction and Maintenance Fund for the purposes authorized by Section 1502 of Title 69 of the Oklahoma Statutes.

SECTION 7. AMENDATORY 68 O.S. 2001, Section 704, is amended to read as follows:

Section 704. A. The purpose of Section 701 et seq. of this title is to provide revenue for general governmental functions of state government and for the construction and maintenance of state

and county highways and bridges. The tax, including penalties and interest collected under the levy in Section 703 of this title, shall be apportioned monthly for use as follows:

1. An amount equal to the revenue, including penalties and interest thereon, accruing from four cents (\$0.04) per gallon of the five and one-half cents (\$0.055) per gallon collected of the tax levied by Section 703 of this title, shall be apportioned monthly and used for the following purposes:

- a. three percent (3%) shall be paid by the Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund of the State Treasury,
- b. seventy-two and three-fourths percent (72 3/4%) shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund, and
- c. twenty-four and one-fourth percent (24 1/4%) shall be transmitted by the Tax Commission to various counties of the state, in the percentage which the population and area of each county bears to the population and area of the entire state. The population shall be as shown by the last Federal Census or the most recent annual estimate provided by the U.S. Bureau of the Census;

2. An amount equal to the revenue, including penalties and interest thereon, accruing from one cent (\$0.01) per gallon of the five and one-half cents (\$0.055) per gallon collected of the tax levied by Section 703 of this title, shall be apportioned monthly and shall be deposited in the State Treasury to the credit of the ~~State Transportation~~ Revenue Source Management Revolving Fund; and

3. An amount equal to the revenue, including penalties and interest thereon, accruing from one-half cent (\$0.005) per gallon of the five and one-half cents (\$0.055) per gallon collected of the tax

levied by Section 703 of this title, shall be apportioned monthly and distributed as follows:

Forty percent (40%) of such sum shall be distributed to the various counties in that proportion which the county road mileage of each county bears to the entire state road mileage as certified by the State Transportation Commission, and the remaining sixty percent (60%) of such sum shall be distributed to the various counties on the basis which the population and area of each county bears to the total population and area of the state. The population shall be as shown by the last Federal Census or the most recent annual estimate provided by the U.S. Bureau of the Census.

B. The funds apportioned or transmitted pursuant to the provisions of subparagraph c of paragraph 1 of subsection A of this section and paragraph 3 of subsection A of this section shall be used in accordance with and subject to the provisions of subsection B of Section 500.6 of this title.

SECTION 8. AMENDATORY 68 O.S. 2001, Section 707.3, is amended to read as follows:

Section 707.3 A. In addition to the excise taxes levied by Sections 703, 705, 707.1 and 707.2 of this title, there is hereby levied an excise tax of six cents (\$0.06) upon the use within this state of each and every gallon of special fuel, which shall be reported and collected in the same manner as provided by law for the reporting and collecting of all other tax levies upon the use of special fuel within this state. The basis for computation of the amount due shall be one hundred percent (100%) of the net gallonage reported to the Tax Commission for taxation, after all deductions allowed by law have been made.

B. The tax levied by this section shall not apply to special fuel which is exempt from tax pursuant to the provisions of Section 708 of this title.

C. It is hereby declared to be the intent of the Legislature that the total state excise tax, levied by this section and Sections 703, 705, 707.1 and 707.2 of this title, shall be sixteen cents (\$0.16) upon each gallon of special fuel used within Oklahoma and that no special fuel shall be subject to the total tax more than one time.

D. The additional excise tax of six cents (\$0.06) per gallon of special fuel levied by this section, together with any interest and penalties thereon, collected by the Tax Commission shall be apportioned monthly as follows:

1. Five cents (\$0.05) of the six cents (\$0.06), together with any interest and penalties thereon, shall be apportioned to the ~~State Transportation~~ Revenue Source Management Revolving Fund; and

2. One cent (\$0.01) of the six cents (\$0.06), together with any interest and penalties thereon, shall be distributed to the various counties in the following manner: thirty percent (30%) based upon area, thirty percent (30%) based upon population according to the latest Federal Decennial Census or the most recent annual estimate provided by the U.S. Bureau of the Census and forty percent (40%) based upon county road mileage on the basis which the respective area, population and county road mileage of each county bear to the total area, population and county road mileage of the state. The funds so transmitted shall be used in accordance with and subject to the provisions of subsection B of Section 500.6 of this title.

SECTION 9. AMENDATORY 68 O.S. 2001, Section 723, is amended to read as follows:

Section 723. A. In lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is hereby levied a flat fee of Fifty Dollars (\$50.00) on each passenger automobile, and on each pickup truck or van not exceeding one (1) ton in capacity, using liquefied petroleum gas or natural gas as fuel, except that no such fee shall be levied on any vehicle which

is the subject of an exemption pursuant to Section 708 of this title. Provided that, should the passenger automobile, pickup truck or van have been acquired or should the liquefied petroleum gas or natural gas system be installed on or after July 1, the flat fee shall be Twenty-five Dollars (\$25.00) for the remainder of the calendar year, except as hereinafter provided.

B. Beginning January 1, 1991, in lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is hereby levied a flat fee of One Hundred Dollars (\$100.00) on each passenger automobile, and on each pickup truck or van not exceeding one (1) ton in capacity, using compressed natural gas, liquefied natural gas, methanol or "M-85" which is a mixture of methanol and gasoline containing at least eighty-five percent (85%) methanol as fuel, except that no such fee shall be levied on any vehicle which is the subject of an exemption pursuant to Section 708 of this title. Provided that, should the passenger automobile, pickup truck or van have been acquired or should the compressed natural gas, liquefied natural gas, methanol or "M-85" system be installed on or after July 1, the flat fee shall be Fifty Dollars (\$50.00) for the remainder of the calendar year, except as hereinafter provided.

C. Beginning January 1, 1993, in lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is hereby levied a flat fee of One Hundred Fifty Dollars (\$150.00) on each vehicle exceeding one (1) ton in capacity, using liquefied petroleum gas, compressed natural gas, liquefied natural gas, methanol or "M-85" as fuel, except that no such fee shall be levied on any vehicle which is the subject of an exemption pursuant to Section 708 of this title. Provided that, should the vehicle be acquired or should the compressed natural gas, liquefied natural gas, methanol or "M-85" system be installed on or after July 1, the

flat fee shall be Seventy-five Dollars (\$75.00) for the remainder of the calendar year, except as hereinafter provided.

D. Every person operating a vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" as fuel shall make application for and obtain a decal to be issued on a yearly basis by the Oklahoma Tax Commission on forms prescribed and furnished by the Tax Commission.

E. Every person required to make application for and receive a decal under this section shall, at the time of making said application, remit to the Tax Commission the total amount of the fee due.

F. Each decal issued by the Tax Commission pursuant to the provisions of this section, shall expire on December 31 of every year, and in addition thereto said decals shall be displayed in the lower right hand corner of the front windshield of said vehicle. Upon receipt of satisfactory proof by the Tax Commission that it has become necessary to replace the windshield of the vehicle for which the decal was issued, another decal shall be issued by the Tax Commission as a replacement for a fee of One Dollar (\$1.00).

G. When any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" as fuel and displaying a current decal as provided in this section is sold, such decal shall remain with the vehicle sold, unless the equipment installed to enable the vehicle to use liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" has been removed from the vehicle before the sale.

H. When the aforementioned equipment has been removed before the sale, the seller of the vehicle shall also remove the decal required of vehicles using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85". The removed decal, a receipt from the Oklahoma Tax Commission showing that the fee required has been paid for the current year, and the

payment of a one-dollar fee for duplicate decal shall entitle the seller to make application for and obtain a new decal to be used for the remainder of the year on any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" in accordance with the provisions of this section.

I. Provisions contained in Sections 701 through 721 of this title shall not apply to any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85".

J. All funds derived from the fee imposed by subsection A of this section shall be deposited annually in the General Revenue Fund of the State Treasury by the Tax Commission. When any person fails to obtain a current decal within thirty (30) days of the date said decal is required as provided in this section, there shall become due and payable a penalty of twenty percent (20%) of the fee in addition to the fee. Said penalty to be deposited in the same manner as the fee pursuant to this subsection.

K. All funds derived from the fee imposed by subsections B and C of this section shall be collected by the Oklahoma Tax Commission and apportioned annually to the ~~State Transportation~~ Revenue Source Management Revolving Fund. When any person fails to obtain a current decal within thirty (30) days of the date such decal is required as provided in this section, there shall become due and payable a penalty of twenty percent (20%) of the fee in addition to the fee. Such penalty shall be deposited in the same manner as the fee pursuant to this subsection.

SECTION 10. AMENDATORY 69 O.S. 2001, Section 1501.1, is amended to read as follows:

Section 1501.1 A. There is hereby created in the State Treasury a fund to be designated as the "State Transportation Fund". The fund shall be subject to legislative appropriation and shall consist of revenues apportioned to such fund by provisions of the

Oklahoma Statutes imposing taxes upon various motor fuels and of such other revenues as may be provided by law.

B. The State Transportation Fund shall be used for appropriations for the construction, repair and maintenance of state highways; for other transportation systems; and for such other transportation purposes as the Legislature may authorize.

C. Effective July 1, 2003, all monies in the State Transportation Fund, as adjusted by transfer and less any amount that has been expended on the effective date of this act, shall be transferred to the Special Cash Fund.

SECTION 11. AMENDATORY 69 O.S. 2001, Section 2001, is amended to read as follows:

Section 2001. A. The Legislature finds that the highway infrastructure in this state is vital to the health, safety, and welfare of the traveling public and to the economic development in this state. The Legislature also finds that the highway infrastructure should be continually improved and expanded in order to meet the general public's desire for a safe and convenient highway system. Based on these findings, it is the intent of the Legislature to expend and equitably distribute approximately Seven Hundred Million Dollars (\$700,000,000.00), plus any additional expenditures approved pursuant to subsection F of this section, to construct new highways and improve existing highways over a five-year period as set forth in this act.

B. To properly fund the construction and improvement of the highway system in this state, it is the intent of the Legislature to appropriate Fifty Million Dollars (\$50,000,000.00) from the Constitutional Reserve Fund each year for the first two (2) years and Fifty-two Million Five Hundred Fifty Thousand Dollars (\$52,550,000.00) from the Constitutional Reserve Fund each year for the next two (2) years for the purposes of highway construction and improvement subject to the declaration of an emergency pursuant to

the provisions of Section 23 of Article X of the Constitution of the State of Oklahoma. In addition to the appropriation of Fifty Million Dollars (\$50,000,000.00) from the Constitutional Reserve Fund in the second year of this program, it is the intent of the Legislature to appropriate an additional Ten Million Dollars (\$10,000,000.00) in the second year of this program from the Constitutional Reserve Fund to be divided equally between Oklahoma and Tulsa Counties to further fund highway construction and improvement projects as set forth in this act.

C. In addition to the funding specified in subsection A of this section, the Legislature shall appropriate Thirty-four Million Nine Hundred Thousand Dollars (\$34,900,000.00) in the first year and Forty Million Dollars (\$40,000,000.00) in each of the next four (4) years, and other sufficient monies to the Oklahoma Department of Transportation to be deposited in the State Highway Construction and Maintenance Fund for the construction and improvement of the highway system in this state.

D. In addition to the funding specified in subsections B and C of this section, the Oklahoma Capitol Improvement Authority shall be authorized to issue bonds, other negotiable instruments or other evidences of indebtedness in the principal amount sufficient to generate Three Hundred Million Dollars (\$300,000,000.00) in proceeds available to fund the construction and improvements to the highway system as set forth in this act.

E. For purposes of this act, and despite any provision to the contrary as set forth in Section 1511 of this title, each State Transportation Commission district in this state shall receive equitable funding as follows:

1. Not more than twenty percent (20%) of the funding pursuant to this act shall be allocated to each of State Transportation Commission Districts 4 and 8. The percentage reflected in this paragraph shall not include the additional Ten Million Dollars

(\$10,000,000.00) appropriated from the Constitutional Reserve Fund as set forth in subsection B of this section; and

2. Not less than ten percent (10%) of the total funding pursuant to this act shall be allocated to each of the remaining six (6) transportation districts.

Only those highway projects set forth in Section 2002 of this title shall be eligible for funding pursuant to this act. Any excess funds from a particular highway project shall only be expended for other highway projects within the same transportation district. It is the intent of the Legislature that highway projects listed on the five-year plan for transportation facilities developed to meet present and future needs of this state shall continue to be funded as provided by current law. In addition, the Department of Transportation shall be required to construct, improve, maintain, and repair all highway projects listed on the five-year plan as such plan exists on May 28, 1997, except for normal highway programming adjustments, to the extent possible consistent with the funds provided by law for such highway projects. The Department of Transportation may issue Grant Anticipation Notes for projects of economic significance. Such bond issue or issues shall be subject to the unanimous approval of the Contingency Review Board.

F. 1. In addition to the provisions of this section, it is the intent of the Legislature to reexamine in fiscal year 2000 the status of the highway infrastructure as well as the highway construction and improvement projects as set forth in Section 2002 of this title. Based on such reexamination, it is the intent of the Legislature to expend additional monies, amounting to approximately Three Hundred Million Dollars (\$300,000,000.00) to continue the construction of new highways and improve existing highways as set forth in this subsection.

2. In order for any additional monies to be expended as provided in this subsection, the Oklahoma Capitol Improvement

Authority shall be authorized to issue bonds, other negotiable instruments or other evidences of indebtedness in a principal amount sufficient to generate One Hundred Fifty Million Dollars (\$150,000,000.00) in proceeds available to fund the construction and improvement of the highway system as set forth in this act. The terms and conditions of such issue shall be in accordance with the provisions of Section 168.6 of Title 73 of the Oklahoma Statutes.

3. In addition to the funding specified in paragraph 2 of this subsection, the Legislature shall authorize an appropriation in an amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000.00) from the Constitutional Reserve Fund, subject to the declaration of an emergency pursuant to the provisions of Section 23 of Article X of the Constitution of the State of Oklahoma, the General Revenue Fund, or the ~~State Transportation~~ Revenue Source Management Revolving Fund, or a combination of each.

4. For purposes of this subsection, each State Transportation Commission district in this state shall receive equitable funding as follows:

- a. not more than twenty percent (20%) of the funding pursuant to this subsection shall be allocated to each of State Transportation Commission Districts 4 and 8,
- b. not less than ten percent (10%) of the funding pursuant to this subsection shall be allocated to each of the remaining six transportation districts, and
- c. any excess funds from a particular highway improvement or highway improvements shall only be expended for other highway improvements within the same transportation district.

5. The additional funding as allocated by subparagraphs a and b of paragraph 4 of this subsection may be used for the completion of existing highway projects as set forth in subsection A of Section 2002 of this title, any highway projects or the continuation of

existing highway projects as set forth in subsection B of Section 2002 of this title, or any other highway improvements within such transportation districts to which the funds were allocated pursuant to this subsection.

G. Of the total funding allocated under this section to State Transportation Commission District 4, sixty-seven percent (67%) of such funds are allocated exclusively to Oklahoma County. Of the total funding allocated under this section to State Transportation Commission District 8, fifty-eight and eight-tenths percent (58.8%) of such funds are allocated exclusively to Tulsa County.

SECTION 12. AMENDATORY 73 O.S. 2001, Section 168.6, is amended to read as follows:

Section 168.6 A. The Oklahoma Capitol Improvement Authority is hereby authorized to issue bonds or other negotiable instruments or evidences of indebtedness in the principal amount sufficient to generate Three Hundred Million Dollars (\$300,000,000.00) in proceeds available to fund the construction and improvement of the highway system in this state as set forth in this act.

B. The proceeds from the sale of obligations authorized in subsection A of this section shall only be used by the Authority to fund the construction, improvement, maintenance, and repair of roads, highways and bridges to be designed and constructed by the Oklahoma Department of Transportation as designated in Section ~~3~~ 2002 of ~~this act~~ Title 69 of the Oklahoma Statutes or to fund other costs associated with the issuance of such obligations.

C. The obligations issued pursuant to authority of subsection A of this section shall be repaid in full within ten (10) years from the date of issuance.

D. The obligations issued pursuant to authority of subsection A of this section shall be retired by payments made to the Oklahoma Capitol Improvement Authority from the Oklahoma Department of Transportation. The Oklahoma Capitol Improvement Authority and the

Oklahoma Department of Transportation shall be authorized to enter into leases and agreements with respect to the use of roads, highways and bridges, as applicable, the construction, improvement, maintenance, or repair of which is financed with any proceeds from the issuance of obligations authorized in subsection A of this section.

E. The Oklahoma Department of Transportation shall make payments to the Oklahoma Capitol Improvement Authority for the use of any roads, highways or bridges financed from any proceeds of the obligations authorized in subsection A of this section pursuant to the agreement. The Oklahoma Department of Transportation shall make the payments from the State Highway Construction and Maintenance Fund in the manner specified by the agreement and subject to receiving an annual appropriation for that purpose. It is the intent of the Legislature to appropriate to the Oklahoma Department of Transportation ~~State Transportation~~ Revenue Source Management Revolving Fund sufficient monies to make payments to the Authority for purposes of retiring the debt created pursuant to this section.

F. The bond indenture or other instrument pursuant to which the Oklahoma Capitol Improvement Authority becomes obligated for the repayment of principal and interest of the proceeds from the sale of obligations authorized in subsection A of this section shall provide that all obligations are to be repaid from the source of revenue specified in this section.

G. The Oklahoma Department of Transportation shall make payments from the ~~State Transportation~~ Revenue Source Management Revolving Fund to pay obligations incurred pursuant to agreements with the Oklahoma Capitol Improvement Authority for the use of roads, highways and bridges the construction, improvement, maintenance, or repair of which is financed with any proceeds from the issuance of obligations authorized pursuant to subsection A of this section. No payment from the ~~State Transportation~~ Revenue

Source Management Revolving Fund using the monies appropriated pursuant to this act shall be made for any other purpose.

H. It is the intent of the Oklahoma Legislature to maintain the funding level of the ~~State Transportation~~ Revenue Source Management Revolving Fund as required in order for the Department of Transportation to fully pay any and all obligations incurred by the Department of Transportation with respect to agreements entered into by the Department of Transportation and the Oklahoma Capitol Improvement Authority pursuant to subsection D of this section.

I. The bonds or other obligations issued pursuant to this section shall not at any time be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision.

J. Such bonds or other obligations shall contain on the face thereof a statement that neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of or the interest on such bonds.

K. To the extent funds are available from the proceeds of the borrowing authorized by this section, the Oklahoma Capitol Improvement Authority shall provide for the payment of professional fees and associated costs approved by the Oklahoma Department of Transportation. The Authority may issue obligations in one or more series and in conjunction with other issues of the Authority. The Authority is authorized to hire bond counsel, financial consultants, and such other professionals as it may deem necessary to provide for the efficient sale of the obligations and may utilize a portion of the proceeds of any borrowing to create such reserves as may be deemed necessary and to pay costs associated with the issuance and administration of such obligations.

L. The obligations authorized under this section may be sold at either competitive or negotiated sale, as determined by the

Authority, and in such form and at such prices as may be authorized by the Authority. The Authority may enter into agreements with such credit enhancers and liquidity providers as may be determined necessary to efficiently market the obligations. The obligations may mature and have such provisions for redemption as shall be determined by the Authority, but in no event shall the final maturity of such obligations occur later than ten (10) years from the first principal maturity date.

M. Any interest earnings on funds or accounts created for the purposes of this section may be utilized as partial payment of the annual debt service or for the purposes directed by the Authority.

N. The obligations issued under this section, the transfer thereof and the interest earned on such obligations, including any profit derived from the sale thereof, shall not be subject to taxation of any kind by the State of Oklahoma, or by any county, municipality or political subdivision therein.

O. The Authority may direct the investment of all monies in any funds or accounts created in connection with the offering of the obligations authorized under this section. Such investments shall be made in a manner consistent with the investment guidelines of the State Treasurer. The Authority may place additional restrictions on the investment of such monies if necessary to enhance the marketability of the obligations.

P. The Oklahoma Capitol Improvement Authority is hereby authorized to issue bonds or other negotiable instruments or evidences of indebtedness in the principal amount sufficient to generate One Hundred Fifty Million Dollars (\$150,000,000.00) in proceeds available to fund the construction and improvement to the highway system in this state as set forth in this act and subject to the approval and authorization as set forth in subsection F of Section ± 2001 of ~~this act~~ Title 69 of the Oklahoma Statutes. If such bonds or other negotiable instruments or evidences of

indebtedness are authorized for issuance, they shall be subject to the same terms and conditions as set forth in this section.

SECTION 13. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

The Legislature finds that in order to comply with its duties and responsibilities to fund the operation of state government for the next ensuing fiscal year and to observe the requirements of Section 23 of Article X of the Oklahoma Constitution, the provisions of this act are related to a specific fiscal objective and that the content of this act is directly related to the enactment of a balanced budget as required by law.

SECTION 14. This act shall become effective July 1, 2003.

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.

49-1-6886 MAH 05/12/03