

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

SENATE BILL 1652

By: Jolley

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 1004, as amended by Section 2, Chapter 416, O.S.L. 2002 (68 O.S. Supp. 2005, Section 1004), which relates to gross production tax; providing short title; modifying apportionment of tax levied on asphalt or ores and natural gas or casinghead gas; providing schedule of apportionment after specified date; creating Smarter Spending Fund and providing for revenue apportioned thereto; specifying use of funds and defining term; providing for codification; and providing an effective date.

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 1004.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Smarter Spending Act of 2006".

SECTION 2. AMENDATORY 68 O.S. 2001, Section 1004, as amended by Section 2, Chapter 416, O.S.L. 2002 (68 O.S. Supp. 2005, Section 1004), is amended to read as follows:

Section 1004. A. Beginning July 1, 2002, the gross production tax provided for in Section 1001 of this title is hereby levied and shall be collected and apportioned as follows:

1. For all monies collected from the tax levied on asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper:

- a. (1) until June 30, 2007, eighty-five and seventy-two one-hundredths percent (85.72%) shall be paid to the State Treasurer of the state to be placed in the General Revenue Fund of the state and used

for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature, and

(2) on and after July 1, 2007, eighty-five and seventy-two one-hundredths percent (85.72%) shall be apportioned as provided in subsection B of this section,

- b. seven and fourteen one-hundredths percent (7.14%) of the sum collected from natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- c. seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction;

2. For all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of seven percent (7%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. (1) until June 30, 2007, eighty-five and seventy-two one-hundredths percent (85.72%) shall be paid to the State Treasurer of the state to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature, and
- (2) on and after July 1, 2007, eighty-five and seventy-two one-hundredths percent (85.72%) shall be apportioned as provided in subsection B of this section,
- b. seven and fourteen one-hundredths percent (7.14%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows:
Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- c. seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction;

3. For all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of four percent (4%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. (1) until June 30, 2007, seventy-five percent (75%) shall be paid to the State Treasurer of the state to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature, and
(2) on and after July 1, 2007, seventy-five percent (75%) shall be apportioned as provided in subsection B of this section,
- b. twelve and one-half percent (12.5%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- c. twelve and one-half percent (12.5%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction;

4. For all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of one percent (1%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. fifty percent (50%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- b. fifty percent (50%) shall be allocated to each county as provided for in subparagraph a of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction;

5. For all monies collected from the tax levied on oil at a tax rate of seven percent (7%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Common Education Technology Revolving Fund created in Section 41.29c of Title 62 of the Oklahoma Statutes,
- b. twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Higher Education Capital Revolving Fund

created in Section 41.29d of Title 62 of the Oklahoma Statutes,

- c. twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Oklahoma Tuition Scholarship Revolving Fund created in Section 41.29e of Title 62 of the Oklahoma Statutes,
- d. four and twenty-eight one-hundredths percent (4.28%) shall be paid to the State Treasurer to be apportioned to the County Bridge and Road Improvement Fund of the State Treasury,
- e. four and twenty-eight one-hundredths percent (4.28%) shall be paid to the State Treasurer to be apportioned to the Oklahoma Water Resources Board Rural Economic Action Plan Water Projects Fund,
- f. seven and fourteen one-hundredths percent (7.14%) of the sum collected from oil shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- g. seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided in subparagraph f of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of

fifteen (15) mills for the current year and maintains twelve (12) years of instruction;

6. For all monies collected from the tax levied on oil at a tax rate of four percent (4%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Common Education Technology Revolving Fund created in Section 41.29c of Title 62 of the Oklahoma Statutes,
- b. twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Higher Education Capital Revolving Fund created in Section 41.29d of Title 62 of the Oklahoma Statutes,
- c. twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Oklahoma Tuition Scholarship Revolving Fund created in Section 41.29e of Title 62 of the Oklahoma Statutes,
- d. three and seventy-five one-hundredths percent (3.75%) shall be paid to the State Treasurer to be apportioned to the County Bridge and Road Improvement Fund of the State Treasury,
- e. three and seventy-five one-hundredths percent (3.75%) shall be paid to the State Treasurer to be apportioned to the Oklahoma Water Resources Board Rural Economic Action Plan Water Projects Fund,
- f. twelve and one-half percent (12.5%) of the sum collected from oil shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

- g. twelve and one-half percent (12.5%) shall be allocated to each county as provided in subparagraph f of this paragraph and shall be apportioned on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction; and

7. For all monies collected from the tax levied on oil at a tax rate of one percent (1%) pursuant to the provisions of subsection B of Section 1001 of this title:

- a. fifty percent (50%) of the sum collected shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and
- b. fifty percent (50%) shall be allocated to each county as provided for in subparagraph a of this paragraph and shall be apportioned on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction.

Provided, notwithstanding any other provision of this section, the total amounts deposited to the Common Education Technology

Revolving Fund, the Higher Education Capital Revolving Fund, the Oklahoma Tuition Scholarship Revolving Fund, the County Bridge and Road Improvement Fund and the Rural Economic Action Plan Water Projects Fund pursuant to paragraphs 5 and 6 of this ~~section~~ subsection shall not exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any fiscal year. All sums in excess of One Hundred Fifty Million Dollars (\$150,000,000.00) in any fiscal year which would otherwise be deposited in such funds shall be placed by the State Treasurer in the General Revenue Fund of the state.

B. On and after July 1, 2007, in addition to the apportionment provided for in subsection A of this section, monies collected from:

1. The tax levied on asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper pursuant to the provisions of subsection A of Section 1001 of this title shall be apportioned monthly as follows:

a. the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>65.72%</u>
<u>FY 2009</u>	<u>45.72%</u>
<u>FY 2010</u>	<u>25.72%</u>
<u>FY 2011</u>	<u>5.72%</u>
<u>FY 2012 and each fiscal year thereafter</u>	<u>0%, and</u>

b. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Smarter Spending Fund of the state for such fiscal year for purposes set forth in Section 2 of this act to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>20%</u>
<u>FY 2009</u>	<u>40%</u>
<u>FY 2010</u>	<u>60%</u>
<u>FY 2011</u>	<u>80%</u>
<u>FY 2012 and each fiscal</u> <u>year thereafter</u>	<u>85.72%;</u>

2. The tax levied on natural gas and/or casinghead gas at a tax rate of seven percent (7%) pursuant to the provisions of subsection B of Section 1001 of this title shall be apportioned monthly as follows:

- a. the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>65.72%</u>
<u>FY 2009</u>	<u>45.72%</u>
<u>FY 2010</u>	<u>25.72%</u>
<u>FY 2011</u>	<u>5.72%</u>
<u>FY 2012 and each fiscal</u> <u>year thereafter</u>	<u>0%, and</u>

- b. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Smarter Spending Fund of the state for such fiscal year for purposes set forth in Section 2 of this act to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>20%</u>
<u>FY 2009</u>	<u>40%</u>
<u>FY 2010</u>	<u>60%</u>

FY 2011 80%

FY 2012 and each fiscal

year thereafter 85.72%; and

3. The tax levied on natural gas and/or casinghead gas at a tax rate of four percent (4%) pursuant to the provisions of subsection B of Section 1001 of this title shall be apportioned monthly as follows:

- a. the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>60%</u>
<u>FY 2009</u>	<u>45%</u>
<u>FY 2010</u>	<u>30%</u>
<u>FY 2011</u>	<u>15%</u>
<u>FY 2012 and each fiscal</u>	
<u>year thereafter</u>	<u>0%, and</u>

- b. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Smarter Spending Fund of the state for such fiscal year for purposes set forth in Section 2 of this act to be paid out only pursuant to appropriation by the Legislature:

<u>Fiscal Year</u>	<u>Amount</u>
<u>FY 2008</u>	<u>15%</u>
<u>FY 2009</u>	<u>30%</u>
<u>FY 2010</u>	<u>45%</u>
<u>FY 2011</u>	<u>60%</u>
<u>FY 2012 and each fiscal</u>	
<u>year thereafter</u>	<u>75%.</u>

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1004.2 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a fund to be designated as the "Smarter Spending Fund". The fund shall be subject to legislative appropriation and shall consist of revenues apportioned to such fund pursuant to subsection B of Section 1004 of Title 68 of the Oklahoma Statutes.

B. The Smarter Spending Fund shall be used to reduce the unfunded liability of the Teachers' Retirement System of Oklahoma until such unfunded liability reaches twenty-five percent (25%) or less. If the unfunded liability of the Teachers' Retirement System of Oklahoma is twenty-five percent (25%) or less, the Smarter Spending Fund may be used for one-time expenditures. For the purposes of this section, "one-time expenditures" shall include:

1. Any capital expenditure which results in the acquisition of fixed assets or additions to fixed assets, including, but not limited to: purchases of land or existing buildings; purchases of real property; improvements of grounds and sites for construction purposes; all expenditures for construction of buildings, additions to buildings and remodeling of buildings if such remodeling involves changes to roof structures or load-bearing walls; professional services, salaries and expenses of architects and engineers hired or assigned to capital projects except for such services, salaries and expenses as are applicable in preparation for a bond issue; expenditures for the initial installation and extension of service systems and built-in heat or air equipment to existing buildings; expenditures for the replacement of a building which has been destroyed; installments and lease payments on property, excluding interest, that have a terminal date and result in the acquisition of property; and expenditures for preliminary studies made prior to the time that authority to proceed with a construction project is given

if authority is received within the same fiscal year that the expenditure was made;

2. An expenditure made to reduce the unfunded liability of a state retirement system other than the Teachers' Retirement System of Oklahoma; and

3. An expenditure made during a fiscal year which does not require a recurring legislative appropriation.

SECTION 4. This act shall become effective July 1, 2007.

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