

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 HOUSE BILL 3005

By: Johnson (Rob)

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; directing
8 that portion of state sales tax be distributed to
9 certain cities, counties, and towns; defining terms;
10 providing method for calculating the amount of the
11 distribution; requiring participants to file certain
12 annual report; requiring certain language be
13 contained in annual report; providing penalty for
14 violation; providing for codification; providing an
15 effective date; and declaring an emergency.

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

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 1450 of Title 68, unless there
19 is created a duplication in numbering, reads as follows:

20 A. No later than December 1 of each year, the Oklahoma Tax
21 Commission shall distribute to each participating county and
22 municipality an amount equal to a portion of state sales and use
23 taxes collected for the previous fiscal year which shall be
24 calculated in accordance with subsections C and D of this section.
All such funds shall be used exclusively for the direct costs of
construction or repair of roads, streets or bridges.

1 B. 1. "Direct costs" means the costs for engineering for a
2 purpose authorized by this section, the costs of a public
3 construction contract pursuant to Section 102 of Title 61 of the
4 Oklahoma Statutes or the direct purchase of materials, equipment or
5 supplies for a construction or repair project but shall not include
6 personnel or administrative expenses of the county or municipality;

7 2. "Participating municipality" means any city or town
8 incorporated pursuant to Title 11 of the Oklahoma Statutes or a home
9 rule charter unless the municipality has adopted a resolution opting
10 out of participation and served a copy of the resolution on the
11 Oklahoma Tax Commission; and

12 3. "Taxing jurisdiction" means a participating county or
13 municipality.

14 C. 1. Unless paragraph 2 of this subsection is applicable, the
15 Oklahoma Tax Commission shall determine the amount to be distributed
16 to each taxing jurisdiction in the following manner:

17 a. add the local sales and use tax amounts collected for
18 each taxing jurisdiction, provided that for counties
19 the amounts shall be the tax amounts within the
20 unincorporated area of each county,

21 b. divide the resulting amount by the applicable local
22 tax rate to determine the taxable amounts generated
23 within the taxing jurisdiction,
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- 1 c. multiply the total local taxable amounts by the state
2 rates applicable to the taxable event to determine the
3 amount of the state sales tax generated within the
4 taxing jurisdiction, then
- 5 d. divide the state sales tax amount by a number equal to
6 twice the current state sales tax rate.

7 2. Where the calculation for a taxing jurisdiction produces an
8 amount that is less than the amounts set out in this paragraph, the
9 Oklahoma Tax Commission shall determine the amount to be distributed
10 as follows:

- 11 a. Three Thousand Dollars (\$3,000.00) where the
12 calculated amount is less than Three Thousand Dollars
13 (\$3,000.00),
- 14 b. Five Thousand Dollars (\$5,000.00) where the calculated
15 amount is between Three Thousand One Dollars
16 (\$3,001.00) and Five Thousand Dollars (\$5,000.00), and
- 17 c. Seven Thousand Dollars (\$7,000.00) where the
18 calculated amount is between Five Thousand One Dollars
19 (\$5,001.00) and Seven Thousand Dollars (\$7,000.00).

20 Provided that these amounts shall not apply to any taxing
21 jurisdiction that decreases its sales or use tax rate after the
22 effective date of this act unless the tax terminates pursuant to its
23 own terms.

1 D. 1. On or before November 1 of each year, a participating
2 taxing jurisdiction shall file with the State Auditor and Inspector
3 a report and statement certifying that its expenditures from the
4 state sales tax allocation were solely for roads, streets and
5 bridges. The report and certification shall be on a form provided
6 by the State Auditor and Inspector.

7 2. The form shall provide line items for the taxing
8 jurisdiction to report total revenue received from the state
9 allocation; total amounts spent for roads, streets and bridges; any
10 amounts encumbered for uncompleted projects; and any remaining
11 amounts from the allocation made pursuant to this section. The form
12 shall also contain the following sworn statement:

13 This is to certify that all funds distributed to (County or
14 Municipality) _____ pursuant to 68 O.S. Section ____ have
15 been encumbered, earmarked or expended solely for the construction
16 or repair of roads, streets or bridges within its boundaries.

17 (Chief Executive Officer) _____

18 3. Any taxing jurisdiction that expends its allocation provided
19 by this section for purposes other than the direct costs of
20 construction or repair of roads, streets or bridges within its
21 jurisdiction shall be ineligible to receive future allocations for a
22 period of five (5) years or such time as the amount of future
23 allocations would equal twice the amount spent for unauthorized
24 purposes, whichever is longer.

1 SECTION 2. This act shall become effective July 1, 2008.

2 SECTION 3. It being immediately necessary for the preservation
3 of the public peace, health and safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

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