

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 SENATE BILL 30

By: Mazzei

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2001, Sections 1370, as last amended by Section
9 1, Chapter 317, O.S.L. 2004, and 2701, as amended by
10 Section 30, Chapter 413, O.S.L. 2003 (68 O.S. Supp.
11 2006, Sections 1370 and 2701), which relate to sales
12 tax; exempting certain items of clothing or footwear
13 from state sales tax under specified conditions;
14 providing exceptions to sales tax exemptions;
15 requiring Oklahoma Tax Commission to promulgate
16 rules; clarifying status of certain exemptions;
17 exempting certain items of clothing or footwear from
18 the imposition of county or authority sales tax under
19 specified conditions; clarifying status of certain
20 fund; exempting certain items of clothing or footwear
21 from the imposition of local sales tax under
22 specified conditions; providing for codification;
23 providing an effective date; and declaring an
24 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 1357.10 of Title 68, unless
there is created a duplication in numbering, reads as follows:

1 A. The sale of an article of clothing or footwear designed to
2 be worn on or about the human body shall be exempt from the tax
3 imposed by Section 1354 of Title 68 of the Oklahoma Statutes if:

4 1. The sales price of the article is less than One Hundred
5 Dollars (\$100.00); and

6 2. The sale takes place during a period beginning at 12:01 a.m.
7 on the first Friday in August and ending at 12 midnight on the
8 following Sunday, covering a period of three (3) days.

9 B. Subsection A of this section shall not apply to:

10 1. Any special clothing or footwear that is primarily designed
11 for athletic activity or protective use and that is not normally
12 worn except when used for athletic activity or protective use for
13 which it is designed;

14 2. Accessories, including jewelry, handbags, luggage,
15 umbrellas, wallets, watches, and similar items carried on or about
16 the human body, without regard to whether worn on the body in a
17 manner characteristic of clothing; and

18 3. The rental of clothing or footwear.

19 C. The Oklahoma Tax Commission shall promulgate any necessary
20 rules to implement the provisions of this section.

21 SECTION 2. AMENDATORY 68 O.S. 2001, Section 1370, as
22 last amended by Section 1, Chapter 317, O.S.L. 2004 (68 O.S. Supp.
23 2006, Section 1370), is amended to read as follows:

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1 Section 1370. A. Any county of this state may levy a sales tax
2 of not to exceed two percent (2%) upon the gross proceeds or gross
3 receipts derived from all sales or services in the county upon which
4 a consumer's sales tax is levied by this state. Before a sales tax
5 may be levied by the county, the imposition of the tax shall first
6 be approved by a majority of the registered voters of the county
7 voting thereon at a special election called by the board of county
8 commissioners or by initiative petition signed by not less than five
9 percent (5%) of the registered voters of the county who were
10 registered at the time of the last general election. However, if a
11 majority of the registered voters of a county voting fail to approve
12 such a tax, the board of county commissioners shall not call another
13 special election for such purpose for six (6) months. Any sales tax
14 approved by the registered voters of a county shall be applicable
15 only when the point of sale is within the territorial limits of such
16 county. Any sales tax levied or any change in the rate of a sales
17 tax levied pursuant to the provisions of this section shall become
18 effective on the first day of the calendar quarter following
19 approval by the voters of the county unless another effective date,
20 which shall also be on the first day of a calendar quarter, is
21 specified in the ordinance or resolution levying the sales tax or
22 changing the rate of sales tax.

23 B. The Oklahoma Tax Commission shall give notice to all vendors
24 of a rate change at least sixty (60) days prior to the effective

1 date of the rate change. Provided, for purchases from printed
2 catalogs wherein the purchaser computed the tax based upon local tax
3 rates published in the catalog, the rate change shall not be
4 effective until the first day of a calendar quarter after a minimum
5 of one hundred twenty (120) days' notice to vendors. Failure to
6 give notice as required by this section shall delay the effective
7 date of the rate change to the first day of the next calendar
8 quarter.

9 C. Initiative petitions calling for a special election
10 concerning county sales tax proposals shall be in accordance with
11 Sections 2, 3, 3.1, 6, 18 and 24 of Title 34 of the Oklahoma
12 Statutes. Petitions shall be submitted to the office of county
13 clerk for approval as to form prior to circulation. Following
14 approval, the petitioner shall have ninety (90) days to secure the
15 required signatures. After securing the requisite number of
16 signatures, the petitioner shall submit the petition and signatures
17 to the county clerk. Following the verification of signatures, the
18 county clerk shall present the petition to the board of county
19 commissioners. The special election shall be held within sixty (60)
20 days of receiving the petition. The ballot title presented to the
21 voters at the special election shall be identical to the ballot as
22 presented in the initiative petition.

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1 D. ~~All~~ Subject to the provisions of Section 1 of this act, all
2 items that are exempt from the state sales tax shall be exempt from
3 any sales tax levied by a county.

4 E. Any sales tax which may be levied by a county shall be
5 designated for a particular purpose. Such purposes may include, but
6 are not limited to, projects owned by the state, any agency or
7 instrumentality thereof, the county and/or any political subdivision
8 located in whole or in part within such county, regional
9 development, economic development, common education, general
10 operations, capital improvements, county roads, weather modification
11 or any other purpose deemed, by a majority vote of the county
12 commissioners or as stated by initiative petition, to be necessary
13 to promote safety, security and the general well-being of the
14 people. The county shall identify the purpose of the sales tax when
15 it is presented to the voters pursuant to the provisions of
16 subsection A of this section. Except as otherwise provided in this
17 section, the proceeds of any sales tax levied by a county shall be
18 deposited in the general revenue or sales tax revolving fund of the
19 county and shall be used only for the purpose for which such sales
20 tax was designated. If the proceeds of any sales tax levied by a
21 county pursuant to this section are pledged for the purpose of
22 retiring indebtedness incurred for the specific purpose for which
23 the sales tax is imposed, the sales tax shall not be repealed until
24 such time as the indebtedness is retired. However, in no event

1 shall the life of the tax be extended beyond the duration approved
2 by the voters of the county.

3 F. 1. Notwithstanding any other provisions of law, any county
4 that has approved a sales tax for the construction, support or
5 operation of a county hospital may continue to collect such tax if
6 such hospital is subsequently sold. Such collection shall only
7 continue if the county remains indebted for the past construction,
8 support or operation of such hospital. The collection may continue
9 only until the debt is repaid or for the stated term of the sales
10 tax, whichever period is shorter.

11 2. If the construction, support or operation of a hospital is
12 funded through the levy of a county sales tax pursuant to this
13 section and such hospital is subsequently sold, the county levying
14 the tax may dissolve the governing board of such hospital following
15 the sale. Upon the sale of the hospital and dissolution of any
16 governing board, the county is relieved of any future liability for
17 the operation of such hospital.

18 G. Proceeds from any sales tax levied that is designated to be
19 used solely by the sheriff for the operation of the office of
20 sheriff shall be placed in the special revenue account of the
21 sheriff.

22 H. The life of the tax could be limited or unlimited in
23 duration. The county shall identify the duration of the tax when it
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1 is presented to the voters pursuant to the provisions of subsections
2 A and C of this section.

3 I. There are hereby created one or more county sales tax
4 revolving funds in each county which levies a sales tax under this
5 section if any or all of the proceeds of such tax are not to be
6 deposited in the general revenue fund of the county or comply with
7 the provisions of subsection G of this section. Each such revolving
8 fund shall be designated for a particular purpose and shall consist
9 of all monies generated by such sales tax which are designated for
10 such purpose. Monies in such funds shall only be expended for the
11 purposes specifically designated as required by this section. A
12 county sales tax revolving fund shall be a continuing fund not
13 subject to fiscal year limitations.

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 1377 of Title 68, unless there
16 is created a duplication in numbering, reads as follows:

17 The sales tax imposed by any county or authority authorized by
18 law to levy a sales tax shall not be imposed upon the sale of an
19 article of clothing or footwear designed to be worn on or about the
20 human body in accordance with and to the extent set forth in Section
21 1 of this act.

22 SECTION 4. AMENDATORY 68 O.S. 2001, Section 2701, as
23 amended by Section 30, Chapter 413, O.S.L. 2003 (68 O.S. Supp. 2006,
24 Section 2701), is amended to read as follows:

1 Section 2701. A. Any incorporated city or town in this state
2 is hereby authorized to assess, levy, and collect taxes for general
3 and special purposes of municipal government as the Legislature may
4 levy and collect for purposes of state government, subject to the
5 provisions of subsection F of this section, except ad valorem
6 property taxes. Provided:

7 1. Taxes shall be uniform upon the same class subjects, and any
8 tax, charge, or fee levied upon or measured by income or receipts
9 from the sale of products or services shall be uniform upon all
10 classes of taxpayers;

11 2. Motor vehicles may be taxed by the city or town only when
12 such vehicles are primarily used or located in such city or town for
13 a period of time longer than six (6) months of a taxable year;

14 3. The provisions of this section shall not be construed to
15 authorize imposition of any tax upon persons, firms, or corporations
16 exempted from other taxation under the provisions of Sections 348.1,
17 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
18 payment of taxes imposed under such sections;

19 4. Cooperatives and communications companies are hereby
20 authorized to pass on to their subscribers in the incorporated city
21 or town involved, the amount of any special municipal fee, charge or
22 tax hereafter assessed or levied on or collected from such
23 cooperatives or communications companies;

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1 5. No earnings, payroll or income taxes may be levied on
2 nonresidents of the cities or towns levying such tax;

3 6. The governing body of any city or town shall be prohibited
4 from proposing taxing ordinances more often than three times in any
5 calendar year, or twice in any six-month period; and

6 7. Any revenues derived from a tax authorized by this
7 subsection not dedicated to a limited purpose shall be deposited in
8 the municipal general fund.

9 B. A sales tax authorized in subsection A of this section may
10 be levied for limited purposes specified in the ordinance levying
11 the tax. Such ordinance shall be submitted to the voters for
12 approval as provided in Section 2705 of this title. Any sales tax
13 levied or any change in the rate of a sales tax levied pursuant to
14 the provisions of this section shall become effective on the first
15 day of the calendar quarter following approval by the voters of the
16 city or town unless another effective date, which shall also be on
17 the first day of a calendar quarter, is specified in the ordinance
18 levying the sales tax or changing the rate of sales tax. Such
19 ordinance shall describe with specificity the projects or
20 expenditures for which the limited-purpose tax levy would be made.
21 The municipal governing body shall create a limited-purpose fund and
22 deposit therein any revenue generated by any tax levied pursuant to
23 this subsection. Money in the fund shall be accumulated from year
24 to year. The fund shall be placed in an insured interest-bearing

1 account and the interest which accrues on the fund shall be retained
2 in the fund. The fund shall be nonfiscal and shall not be
3 considered in computing any levy when the municipality makes its
4 estimate to the excise board for needed appropriations. Money in
5 the limited-purpose tax fund shall be expended only as accumulated
6 and only for the purposes specifically described in the taxing
7 ordinance as approved by the voters.

8 C. The Oklahoma Tax Commission shall give notice to all vendors
9 of a rate change at least sixty (60) days prior to the effective
10 date of the rate change. Provided, for purchases from printed
11 catalogs wherein the purchaser computed the tax based upon local tax
12 rates published in the catalog, the rate change shall not be
13 effective until the first day of a calendar quarter after a minimum
14 of one hundred twenty (120) days' notice to vendors. Failure to
15 give notice as required by this section shall delay the effective
16 date of the rate change to the first day of the next calendar
17 quarter.

18 D. The change in the boundary of a municipality shall be
19 effective, for sales and use tax purposes only, on the first day of
20 a calendar quarter after a minimum of sixty (60) days' notice to
21 vendors.

22 E. If the proceeds of any sales tax levied by a municipality
23 pursuant to subsection B of this section are being used by the
24 municipality for the purpose of retiring indebtedness incurred by

1 the municipality or by a public trust of which the municipality is a
2 beneficiary for the specific purpose for which the sales tax was
3 imposed, the sales tax shall not be repealed until such time as the
4 indebtedness is retired. However, in no event shall the life of the
5 tax be extended beyond the duration approved by the voters of the
6 municipality. The provisions of this subsection shall apply to all
7 sales tax levies imposed by a municipality and being used by the
8 municipality for the purposes set forth in this subsection prior to
9 or after July 1, 1995.

10 F. The sale of an article of clothing or footwear designed to
11 be worn on or about the human body shall be exempt from the sales
12 tax imposed by any incorporated city or town, in accordance with and
13 to the extent set forth in Section 1 of this act.

14 SECTION 5. This act shall become effective July 1, 2007.

15 SECTION 6. It being immediately necessary for the preservation
16 of the public peace, health and safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval.

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