

OKLAHOMA HOUSE OF REPRESENTATIVES  
COMMITTEE REPORT

2/29/2012 5:22:51 PM

JOINT APPROPRIATIONS AND BUDGET COMMITTEE

**SB1959**

By: Sears et al of the House  
Jolley et al of the Senate

Title: Revenue and taxation; clarifying language. Effective date.  
Emergency.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



\_\_\_\_\_  
Chr.  
Representative Earl Sears

YEAS: 16

Armes, Dank, Hoskin, Nelson, Billy, Denney, Liebmann, Peters, Blackwell, DeWitt, Martin,, Sc, Sears,  
Brown, Dorman, McPeak, Walker

NAYS: 0

CONSTITUTIONAL PRIVILEGE: 0

OKLAHOMA STATE SENATE  
JOINT  
COMMITTEE REPORT

February 28, 2012

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

SB 1959

By: Jolley of the Senate and Sears of the House

Title: Revenue and taxation; clarifying language. Effective date. Emergency.

Co-Authored By:

Recommendation: **DO PASS AS AMENDED**

Aye: Brinkley, Burrage, Ford, Halligan, Ivester, Marlatt, Newberry, Nichols, Sykes,  
Wilson, Wyrick, Justice, Jolley

Nay:

Pass:



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Senator Clark Jolley, Chair

Amendments:

1. Committee Substitute Attached.

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 1959

By: Jolley and Justice of the  
Senate

6 and

7 Sears and Martin (Scott) of  
8 the House

9 COMMITTEE SUBSTITUTE

10 An Act relating to revenue and taxation; amending 68  
11 O.S. 2011, Section 1004, which relates to  
12 apportionment of gross production taxes; modifying  
13 apportionment of certain revenues; and declaring an  
14 emergency.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1004, is  
17 amended to read as follows:

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

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

23 a. eighty-five and seventy-two one-hundredths percent

24 (85.72%) shall be paid to the State Treasurer of the

1 state to be placed in the General Revenue Fund of the  
2 state and used for the general expense of state  
3 government, to be paid out pursuant to direct  
4 appropriation by the Legislature,

5 b. seven and fourteen one-hundredths percent (7.14%) of  
6 the sum collected from natural gas and/or casinghead  
7 gas or asphalt or ores bearing uranium, lead, zinc,  
8 jack, gold, silver or copper shall be paid to the  
9 various county treasurers to be credited to the County  
10 Highway Fund as follows: Each county shall receive a  
11 proportionate share of the funds available based upon  
12 the proportion of the total value of production from  
13 such county in the corresponding month of the  
14 preceding year, and

15 c. seven and fourteen one-hundredths percent (7.14%)  
16 shall be allocated to each county as provided for in  
17 subparagraph b of this paragraph and shall be  
18 apportioned, on an average daily attendance per capita  
19 distribution basis, as certified by the State  
20 Superintendent of Public Instruction to the school  
21 districts of the county where such pupils attend  
22 school regardless of residence of such pupil, provided  
23 the school district makes an ad valorem tax levy of  
24

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

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

6           a. eighty-five and seventy-two one-hundredths percent  
7           (85.72%) shall be paid to the State Treasurer of the  
8           state to be placed in the General Revenue Fund of the  
9           state and used for the general expense of state  
10           government, to be paid out pursuant to direct  
11           appropriation by the Legislature,

12           b. seven and fourteen one-hundredths percent (7.14%) of  
13           the sum collected from natural gas and/or casinghead  
14           gas shall be paid to the various county treasurers to  
15           be credited to the County Highway Fund as follows:  
16           Each county shall receive a proportionate share of the  
17           funds available based upon the proportion of the total  
18           value of production from such county in the  
19           corresponding month of the preceding year, and

20           c. seven and fourteen one-hundredths percent (7.14%)  
21           shall be allocated to each county as provided for in  
22           subparagraph b of this paragraph and shall be  
23           apportioned, on an average daily attendance per capita  
24           distribution basis, as certified by the State

1 Superintendent of Public Instruction to the school  
2 districts of the county where such pupils attend  
3 school regardless of residence of such pupil, provided  
4 the school district makes an ad valorem tax levy of  
5 fifteen (15) mills for the current year and maintains  
6 twelve (12) years of instruction;

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

- 10 a. seventy-five percent (75%) shall be paid to the State  
11 Treasurer of the state to be placed in the General  
12 Revenue Fund of the state and used for the general  
13 expense of state government, to be paid out pursuant  
14 to direct appropriation by the Legislature,
- 15 b. twelve and one-half percent (12.5%) of the sum  
16 collected from natural gas and/or casinghead gas shall  
17 be paid to the various county treasurers to be  
18 credited to the County Highway Fund as follows: Each  
19 county shall receive a proportionate share of the  
20 funds available based upon the proportion of the total  
21 value of production from such county in the  
22 corresponding month of the preceding year, and
- 23 c. twelve and one-half percent (12.5%) shall be allocated  
24 to each county as provided for in subparagraph b of

1 this paragraph and shall be apportioned, on an average  
2 daily attendance per capita distribution basis, as  
3 certified by the State Superintendent of Public  
4 Instruction to the school districts of the county  
5 where such pupils attend school regardless of  
6 residence of such pupil, provided the school district  
7 makes an ad valorem tax levy of fifteen (15) mills for  
8 the current year and maintains twelve (12) years of  
9 instruction;

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

13 a. fifty percent (50%) of the sum collected from natural  
14 gas and/or casinghead gas shall be paid to the various  
15 county treasurers to be credited to the County Highway  
16 Fund as follows: Each county shall receive a  
17 proportionate share of the funds available based upon  
18 the proportion of the total value of production from  
19 such county in the corresponding month of the  
20 preceding year, and

21 b. fifty percent (50%) shall be allocated to each county  
22 as provided for in subparagraph a of this paragraph  
23 and shall be apportioned, on an average daily  
24 attendance per capita distribution basis, as certified

1 by the State Superintendent of Public Instruction to  
2 the school districts of the county where such pupils  
3 attend school regardless of residence of such pupil,  
4 provided the school district makes an ad valorem tax  
5 levy of fifteen (15) mills for the current year and  
6 maintains twelve (12) years of instruction;

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

10 a. twenty-five and seventy-two one-hundredths percent  
11 (25.72%) shall be paid to the State Treasurer to be  
12 placed in the Common Education Technology Revolving  
13 Fund created in Section ~~41.29e~~ 34.90 of Title 62 of  
14 the Oklahoma Statutes,

15 b. twenty-five and seventy-two one-hundredths percent  
16 (25.72%) shall be paid to the State Treasurer to be  
17 placed in the Higher Education Capital Revolving Fund  
18 created in Section ~~41.29d~~ 34.91 of Title 62 of the  
19 Oklahoma Statutes,

20 c. twenty-five and seventy-two one-hundredths percent  
21 (25.72%) shall be paid to the State Treasurer to be  
22 placed in the Oklahoma Tuition Scholarship Revolving  
23 Fund created in Section ~~41.29e~~ 34.92 of Title 62 of  
24 the Oklahoma Statutes,

1 d. three and seven hundred forty-five one-thousandths  
2 percent (3.745%) shall be distributed to the various  
3 counties of the state for deposit into the County  
4 Bridge and Road Improvement Fund of each county based  
5 on a formula developed by the Department of  
6 Transportation and approved by the Department of  
7 Transportation County Advisory Board created pursuant  
8 to Section 302.1 of Title 69 of the Oklahoma Statutes  
9 to be used for the purposes set forth in the County  
10 Bridge and Road Improvement Act. The formula shall be  
11 similar to the formula currently used for the  
12 distribution of monies in the County Bridge Program  
13 funds, but shall also take into consideration the  
14 effect of the terrain and traffic volume as related to  
15 county road improvement and maintenance costs,

16 e. four and twenty-eight one-hundredths percent (4.28%)  
17 shall be paid to the State Treasurer to be apportioned  
18 to:

19 (1) the following sources and in the following  
20 amounts through the fiscal year ending June 30,  
21 2014:

22 (a) thirty-three and one-third percent (33 1/3%)  
23 to the Oklahoma Tourism and Recreation  
24 Department Capital Expenditure Revolving

1 Fund created pursuant to Section 2254.1 of  
2 Title 74 of the Oklahoma Statutes,

3 (b) thirty-three and one-third percent (33 1/3%)  
4 to the Oklahoma Conservation Commission  
5 Infrastructure Revolving Fund created  
6 pursuant to Section 3-2-110 of Title 27A of  
7 the Oklahoma Statutes, and

8 (c) thirty-three and one-third percent (33 1/3%)  
9 to the Community Water Infrastructure  
10 Development Revolving Fund created pursuant  
11 to Section 1085.7A of Title 82 of the  
12 Oklahoma Statutes, and

13 (2) the Oklahoma Water Resources Board Rural Economic  
14 Action Plan Water Projects Fund for the fiscal  
15 year ending June 30, 2014, and for each fiscal  
16 year thereafter,

17 f. seven and fourteen one-hundredths percent (7.14%) of  
18 the sum collected from oil shall be paid to the  
19 various county treasurers, to be credited to the  
20 County Highway Fund as follows: Each county shall  
21 receive a proportionate share of the funds available  
22 based upon the proportion of the total value of  
23 production from such county in the corresponding month  
24 of the preceding year,

1 g. seven and fourteen one-hundredths percent (7.14%)  
2 shall be allocated to each county as provided in  
3 subparagraph f of this paragraph and shall be  
4 apportioned, on an average daily attendance per capita  
5 distribution basis, as certified by the State  
6 Superintendent of Public Instruction, to the school  
7 districts of the county where such pupils attend  
8 school regardless of residence of such pupil, provided  
9 the school district makes an ad valorem tax levy of  
10 fifteen (15) mills for the current year and maintains  
11 twelve (12) years of instruction, and

12 h. five hundred thirty-five one-thousandths percent  
13 (0.535%) of the levy shall be transmitted by the  
14 Oklahoma Tax Commission to the Statewide Circuit  
15 Engineering District Revolving Fund as created in  
16 Section 687.2 of Title 69 of the Oklahoma Statutes;

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

20 a. twenty-two and one-half percent (22.5%) shall be paid  
21 to the State Treasurer to be placed in the Common  
22 Education Technology Revolving Fund created in Section  
23 ~~41.29e~~ 34.90 of Title 62 of the Oklahoma Statutes,  
24

- 1           b.   twenty-two and one-half percent (22.5%) shall be paid  
2           to the State Treasurer to be placed in the Higher  
3           Education Capital Revolving Fund created in Section  
4           ~~41.29d~~ 34.91 of Title 62 of the Oklahoma Statutes,
- 5           c.   twenty-two and one-half percent (22.5%) shall be paid  
6           to the State Treasurer to be placed in the Oklahoma  
7           Tuition Scholarship Revolving Fund created in Section  
8           ~~41.29e~~ 34.92 of Title 62 of the Oklahoma Statutes,
- 9           d.   three and twenty-eight one-hundredths percent (3.28%)  
10          shall be distributed to the various counties of the  
11          state for deposit into the County Bridge and Road  
12          Improvement Fund of each county based on a formula  
13          developed by the Department of Transportation and  
14          approved by the Department of Transportation County  
15          Advisory Board created pursuant to Section 302.1 of  
16          Title 69 of the Oklahoma Statutes to be used for the  
17          purposes set forth in the County Bridge and Road  
18          Improvement Act. The formula shall be similar to the  
19          formula currently used for the distribution of monies  
20          in the County Bridge Program funds, but shall also  
21          take into consideration the effect of the terrain and  
22          traffic volume as related to county road improvement  
23          and maintenance costs,
- 24

1 e. three and seventy-five one-hundredths percent (3.75%)  
2 shall be paid to the State Treasurer to be apportioned  
3 to:

4 (1) the following sources and in the following  
5 amounts through the fiscal year ending June 30,  
6 2014:

7 (a) thirty-three and one-third percent (33 1/3%)  
8 to the Oklahoma Tourism and Recreation  
9 Department Capital Expenditure Revolving  
10 Fund created pursuant to Section 2254.1 of  
11 Title 74 of the Oklahoma Statutes,

12 (b) thirty-three and one-third percent (33 1/3%)  
13 to the Oklahoma Conservation Commission  
14 Infrastructure Revolving Fund created  
15 pursuant to Section 3-2-110 of Title 27A of  
16 the Oklahoma Statutes, and

17 (c) thirty-three and one-third percent (33 1/3%)  
18 to the Community Water Infrastructure  
19 Development Revolving Fund created pursuant  
20 to Section 1085.7A of Title 82 of the  
21 Oklahoma Statutes, and

22 (2) the Oklahoma Water Resources Board Rural Economic  
23 Action Plan Water Projects Fund for the fiscal  
24

1                   year ending June 30, 2014, and for each fiscal  
2                   year thereafter,

3           f.    twelve and one-half percent (12.5%) of the sum  
4                   collected from oil shall be paid to the various county  
5                   treasurers, to be credited to the County Highway Fund  
6                   as follows: Each county shall receive a proportionate  
7                   share of the funds available based upon the proportion  
8                   of the total value of production from such county in  
9                   the corresponding month of the preceding year,

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

20          h.    forty-seven one-hundredths percent (0.47%) of the levy  
21                   shall be transmitted by the Tax Commission to the  
22                   Statewide Circuit Engineering District Revolving Fund  
23                   as created in Section 687.2 of Title 69 of the  
24                   Oklahoma Statutes;

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

4           a. fifty percent (50%) of the sum collected shall be paid  
5 to the various county treasurers, to be credited to  
6 the County Highway Fund as follows: Each county shall  
7 receive a proportionate share of the funds available  
8 based upon the proportion of the total value of  
9 production from such county in the corresponding month  
10 of the preceding year, and

11          b. fifty percent (50%) shall be allocated to each county  
12 as provided for in subparagraph a of this paragraph  
13 and shall be apportioned on an average daily  
14 attendance per capita distribution basis, as certified  
15 by the State Superintendent of Public Instruction, to  
16 the school districts of the county where such pupils  
17 attend school regardless of residence of such pupil,  
18 provided the school district makes an ad valorem tax  
19 levy of fifteen (15) mills for the current year and  
20 maintains twelve (12) years of instruction.

21       B. Provided, notwithstanding any other provision of this  
22 section, the total amounts deposited to the Common Education  
23 Technology Revolving Fund, the Higher Education Capital Revolving  
24 Fund, the Oklahoma Tuition Scholarship Revolving Fund, the Rural

1 Economic Action Plan Water Projects Fund, the Oklahoma Tourism and  
2 Recreation Department Capital Expenditure Revolving Fund, the  
3 Oklahoma Conservation Commission Infrastructure Revolving Fund and  
4 the Community Water Infrastructure Development Revolving Fund  
5 pursuant to paragraphs 5 and 6 of subsection A of this section shall  
6 not exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in  
7 any fiscal year. Except as otherwise provided in this subsection,  
8 all sums in excess of One Hundred Fifty Million Dollars  
9 (\$150,000,000.00) in any fiscal year which would otherwise be  
10 deposited in such funds shall be ~~placed by the State Treasurer in~~  
11 apportioned by the Oklahoma Tax Commission to the General Revenue  
12 Fund of the state. ~~Amounts which would otherwise be placed by the~~  
13 ~~State Treasurer in the General Revenue Fund for the fiscal year~~  
14 ~~ending on June 30, 2011, pursuant to this subsection, shall be~~  
15 ~~deposited or transferred by the State Treasurer as follows:~~

- 16 1. ~~Ten Million Dollars (\$10,000,000.00) to the Ad Valorem~~  
17 ~~Reimbursement Fund created pursuant to Section 193 of Title 62 of~~  
18 ~~the Oklahoma Statutes for the purpose of reimbursing counties for~~  
19 ~~school districts that claim a loss of revenue due to a tax exemption~~  
20 ~~granted pursuant to the provisions of Section 6B of Article X of the~~  
21 ~~Oklahoma Constitution; and~~
- 22 2. ~~Ten Million Dollars (\$10,000,000.00) to the Oklahoma State~~  
23 ~~Regents for Higher Education Revolving Fund for the purposes of the~~  
24 ~~education and general operating budgets of the institutions and for~~

1 ~~other programs, construction, renovations or repairs administered by~~  
2 ~~the Oklahoma State Regents for Higher Education;~~

3 ~~3. One Million Four Hundred Thousand Dollars (\$1,400,000.00) to~~  
4 ~~the State Career Technology Fund; and~~

5 ~~4. All funds except those deposited pursuant to paragraphs 1, 2~~  
6 ~~and 3 of this subsection to the General Revenue Fund of the state.~~

7 Provided, amounts which would otherwise be apportioned by the  
8 Oklahoma Tax Commission to the General Revenue Fund for the fiscal  
9 year ending on June 30, 2012, pursuant to this subsection, shall be  
10 apportioned as follows:

11 1. Thirty-seven Million Six Hundred Thousand Dollars  
12 (\$37,600,000.00) to the State Department of Education disbursing  
13 fund authorized by the Office of State Finance pursuant to the  
14 provisions of Section 34.48 of Title 62 of the Oklahoma Statutes, to  
15 be used for the purpose of funding the certified employee and  
16 support personnel health benefit allowance;

17 2. Fourteen Million Eight Hundred Forty-five Thousand Seven  
18 Hundred Dollars (\$14,845,700.00) to the State Department of  
19 Education disbursing fund authorized by the Office of State Finance  
20 pursuant to the provisions of Section 34.48 of Title 62 of the  
21 Oklahoma Statutes, to be used for the purpose of providing bonuses  
22 to teachers who have achieved National Board certification, to  
23 school psychologists who have been designated as Nationally  
24 Certified School Psychologists by the National School Psychology

1 Certification Board, and to speech-language pathologists and  
2 audiologists who hold a Certificate of Clinical Competence awarded  
3 by the American Speech-Language Hearing Association, pursuant to the  
4 Education Leadership Oklahoma Act;

5 3. Five Million Dollars (\$5,000,000.00) to the Department of  
6 Public Safety Patrol Academy Revolving Fund created in Section 2-146  
7 of Title 47 of the Oklahoma Statutes;

8 4. One Million Dollars (\$1,000,000.00) to the Chief Medical  
9 Examiner Revolving Fund created in Section 954 of Title 63 of the  
10 Oklahoma Statutes;

11 5. Thirty-four Million One Hundred Forty-five Thousand Seven  
12 Hundred Six Dollars (\$34,145,706.00) to the State Emergency Fund  
13 created in Section 139.42 of Title 62 of the Oklahoma Statutes; and

14 6. All funds except those deposited pursuant to the provisions  
15 of paragraphs 1 through 5 of this subsection to the General Revenue  
16 Fund.

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

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