

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 54th Legislature (2014)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2900

By: Morrissette of the House

and

Wyrick of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to cedar trees; amending 2 O.S. 2011,
12 Sections 18-403, 18-405 and 18-407, as amended by
13 Section 19, Chapter 304, O.S.L. 2012 (2 O.S. Supp.
14 2013, Section 18-407), which relate to the Eastern
15 Red Cedar Registry Board Act; moving administration,
16 support and expenditure of funds of the Eastern Red
17 Cedar Registry Board from the Oklahoma Department of
18 Agriculture, Food, and Forestry to the Oklahoma
19 Department of Commerce; adding member to the Board;
20 creating the Oklahoma Resource Reclamation Act;
21 declaring the public interest in managing private
22 unoccupied lands in the state for certain purpose;
23 specifying certain goals; defining infested lands and
24 abandoned property; stating duty of absentee
 landowners to manage and control infestations of
 trees and other fuel sources; stating duty of
 absentee landowner to remove Eastern Red Cedar trees
 under certain conditions; causing certain trees,
 vegetation and fuel sources to be declared abandoned
 property under certain circumstances; providing for
 certain notification to and response by landowner;
 providing for approval or disapproval of the
 landowner response or forest management plan;
 authorizing state and local officials to remove
 infestation upon failure of the absentee landowner to
 respond; providing a preference for certain

1 harvesters; establishing liability for removal costs;
2 providing for an agreement for reimbursement of costs
3 for removal; encouraging certain insurers to offer
4 incentives for policyholders who implement a certain
5 program; defining term; allowing an owner of certain
6 property to have the property reclassified; directing
7 the county assessor to reclassify certain property;
8 providing for reassessment upon certain conditions;
9 providing in lieu tax treatment for certain property;
10 requiring verification by the county assessor;
11 allowing the county assessor to request additional
12 information; providing for approval in writing;
13 setting limit on the number of acres that may be
14 approved; requiring the county assessor to verify
15 limit; directing the Oklahoma Tax Commission to keep
16 certain records; requiring filing of approval and
17 election with county assessor; setting in lieu tax
18 rate; setting filing deadline; providing for payment
19 to county treasurer; providing for apportionment
20 according to existing millage levies; providing for
21 in lieu tax treatment; disqualifying property for
22 certain exemption; providing penalty for nonpayment;
23 amending 68 O.S. 2011, Section 2805, which relates to
24 ad valorem taxes; expanding list of in lieu taxes;
amending 74 O.S. 2011, Section 85.44D, as amended by
Section 757, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
2013, Section 85.44D), which relates to purchasing
preferences for products made from Oklahoma-harvested
trees; modifying certain date; deleting purchasing
preference; requiring the Purchasing Division of the
Office of Management and Enterprise Services to
register certain manufacturers into the vendor
registration system; directing the Department to
waive certain fees; providing for codification;
providing for noncodification; providing for
recodification; providing an effective date; and
declaring an emergency.

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

SECTION 1. AMENDATORY 2 O.S. 2011, Section 18-403, is
amended to read as follows:

1 Section 18-403. A. There is hereby created the Eastern Red
2 Cedar Registry Board. The Board shall be under the authority of the
3 ~~State Board of Agriculture~~ Oklahoma Department of Commerce. The
4 Board shall consist of the following members:

- 5 1. The Governor shall appoint three members as follows:
- 6 a. one member representing a property owner in the state,
 - 7 b. one member engaged in the business of harvesting
 - 8 Eastern Red Cedar trees in the state, and
 - 9 c. one member engaged in the business of manufacturing
 - 10 products from Eastern Red Cedar trees;

11 2. The Speaker of the House of Representatives shall appoint
12 two members as follows:

- 13 a. one member with a background or experience in
- 14 marketing agricultural products, and
- 15 b. one member with a background or experience in
- 16 renewable energy;

17 3. The President Pro Tempore of the State Senate shall appoint
18 two members as follows:

- 19 a. one member from a higher education institution in The
- 20 Oklahoma State System of Higher Education who
- 21 specializes in agricultural production, and
- 22 b. one member from a higher education institution in The
- 23 Oklahoma State System of Higher Education who
- 24 specializes in forestry and forest management;

1 4. The Director of the Oklahoma Department of Commerce;

2 5. The Commissioner of Agriculture, or a designee;

3 ~~5.~~ 6. The Executive Director of the Oklahoma Conservation
4 Commission;

5 ~~6.~~ 7. The Executive Director of the Department of Environmental
6 Quality, or designee;

7 ~~7.~~ 8. A member of the Corporation Commission, or designee; and

8 ~~8.~~ 9. A member appointed by and representing the Natural
9 Resources Conservation Service of the United States Department of
10 Agriculture.

11 B. The initial appointment for each member appointed by the
12 Governor shall be for progressive terms of one (1) through three (3)
13 years. The initial appointment for each member appointed by the
14 Speaker of the House of Representatives shall be for progressive
15 terms of one (1) and two (2) years. The initial appointment for
16 each member appointed by the President Pro Tempore of the State
17 Senate shall be for progressive terms of one (1) and two (2) years.
18 Subsequent appointments shall be for three-year terms. Members
19 shall continue to serve until their successors are appointed. Any
20 vacancy shall be filled in the same manner as the original
21 appointment. No member shall serve more than two consecutive terms.

22 C. The members of the Board appointed pursuant to paragraphs 1,
23 2 and 3 of subsection A of this section may nominate up to sixteen
24 persons who are residents of the state to serve on a citizens'

1 auxiliary group. The nominations shall be approved by a majority
2 vote of the Board. Members of the citizens' auxiliary group shall
3 not have voting rights and privileges on the Board and shall serve
4 three-year terms. The citizens' auxiliary group will provide
5 information and feedback to the Board on issues related to the
6 Eastern Red Cedar tree and shall assist the Board in achieving its
7 duties as set forth in the Eastern Red Cedar Registry Board Act.

8 SECTION 2. AMENDATORY 2 O.S. 2011, Section 18-405, is
9 amended to read as follows:

10 Section 18-405. Contingent upon the availability of funding and
11 agency resources, the Oklahoma Department of ~~Agriculture, Food, and~~
12 ~~Forestry~~ Commerce shall provide support, resources, supplies and
13 information as required by the Eastern Red Cedar Registry Board to
14 implement the provisions of the Eastern Red Cedar Registry Board
15 Act, including but not limited to support in marketing development
16 and promotion, identification of financial resources and grants, and
17 grant application submission.

18 SECTION 3. AMENDATORY 2 O.S. 2011, Section 18-407, as
19 amended by Section 19, Chapter 304, O.S.L. 2012 (2 O.S. Supp. 2013,
20 Section 18-407), is amended to read as follows:

21 Section 18-407. There is hereby created in the State Treasury a
22 revolving fund for the Eastern Red Cedar Registry Board to be
23 designated the "Eastern Red Cedar Revolving Fund". The fund shall
24 be a continuing fund, not subject to fiscal year limitations, and

1 shall consist of all monies received by the ~~State Board of~~
2 Agriculture Oklahoma Department of Commerce for the Eastern Red
3 Cedar Registry Board from the state income tax checkoff as provided
4 for in Section 18-408 of this title, the special license plate
5 issued pursuant to Section 1135.5 of Title 47 of the Oklahoma
6 Statutes, any state-appropriated funds, federal funds, donations,
7 grants, contributions, and gifts from any public or private source.
8 All monies accruing to the credit of said fund are hereby
9 appropriated and may be budgeted and expended by the ~~State Board of~~
10 Agriculture Oklahoma Department of Commerce as directed by the
11 Eastern Red Cedar Registry Board for the purposes set forth in the
12 Eastern Red Cedar Registry Board Act. Expenditures from said fund
13 shall be made upon warrants issued by the State Treasurer against
14 claims filed as prescribed by law with the Director of the Office of
15 Management and Enterprise Services for approval and payment.

16 SECTION 4. NEW LAW A new section of law not to be
17 codified in the Oklahoma Statutes reads as follows:

18 Sections 5 through 9 of this act shall be known and may be cited
19 as the "Oklahoma Resource Reclamation Act".

20 SECTION 5. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 5059.9 of Title 74, unless there
22 is created a duplication in numbering, reads as follows:

23 A. It is in the public interest that private unoccupied lands
24 within the state be managed to:

- 1 1. Discourage the proliferation of wildfires;
- 2 2. Reduce and control the infestation of Eastern Red Cedar
- 3 trees on lands; and
- 4 3. Modify the growth of Eastern Red Cedar trees from areas
- 5 within one hundred (100) feet of homes or other structures, so as to
- 6 reduce the threat and severity of wildfires in accordance with the
- 7 Firewise Program guidelines adopted by the National Fire Protection
- 8 Association.

9 B. For purposes of this section, unoccupied private lands shall

10 be considered infested and containing abandoned property if:

- 11 1. There are alive and growing Eastern Red Cedar trees, other
- 12 tree species, vegetation and other fuel sources, excluding
- 13 endangered species of trees or vegetation and cross timber or
- 14 valuable hardwood, which are not less than five (5) feet tall and
- 15 are at a density of at least fifty trees per acre;

- 16 2. The ratio of vegetation and trees that are harmful to open
- 17 land constitutes a forest within definitions of the Oklahoma
- 18 Forestry Code; and

- 19 3. City or county officials have determined, based on
- 20 information regarding infestation published on the website of the
- 21 Oklahoma Department of Agriculture, Food, and Forestry, that the
- 22 infestation is harmful or threatening to adjacent private or public
- 23 property.

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UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 C. It shall be the duty of every private absentee landowner in
2 each county in the state to manage and control infestation in a
3 manner as shall be sufficient to prevent or reduce the threat of
4 wildfires and will comply with the purposes of the Oklahoma Forestry
5 Code. It shall also be the duty of every private absentee landowner
6 to remove Eastern Red Cedar trees on the property if it is
7 determined that the property is infested as set forth in subsection
8 B of this section.

9 D. 1. Failure of an absentee landowner to manage, control and
10 remove infestation deemed to be a fire hazard shall cause those
11 trees, vegetation and other fuel sources declared by local
12 officials, in compliance with local nuisance ordinances, to be
13 abandoned property.

14 2. By written complaint, the absentee landowner shall be
15 notified of the intent to remove the abandoned property and shall
16 have thirty (30) days to submit a response or to file a forest
17 management plan detailing actions to be taken and intent to comply
18 with fire safety recommendations. The city, county or state
19 officials shall approve or disapprove the response or forest
20 management plan.

21 3. If the absentee landowner fails to respond to the complaint
22 or to file a forest management plan, city, county or state officials
23 shall determine the most appropriate method for removal of the
24 infestation, based on information regarding infestation published on

1 the website of the Oklahoma Department of Agriculture, Food, and
2 Forestry, and take action to remove the infestation. The city,
3 county or state officials shall give preference to harvesters
4 registered with the Eastern Red Cedar Registry Board. Any costs
5 associated with the removal incurred by city, county or state
6 officials shall be the responsibility of, and shall be reimbursed
7 by, the absentee landowner.

8 4. An agreement to reimburse removal costs shall be entered
9 into between the absentee landowner and the county or city whose
10 nuisance or abandoned property ordinance(s) was violated or the
11 state agency whose forest management practices were violated and
12 whose assets were expended to remove the infestation.

13 SECTION 6. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 5059.10 of Title 74, unless
15 there is created a duplication in numbering, reads as follows:

16 Insurers duly licensed in the state writing property insurance
17 are hereby encouraged to provide incentives to policyholders who
18 implement and conform to Firewise Program guidelines adopted by the
19 National Fire Protection Association, including creating a fuel-free
20 defensible zone around homes and other structures.

21 SECTION 7. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2902.5 of Title 68, unless there
23 is created a duplication in numbering, reads as follows:

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1 A. As used in this section, "qualifying Eastern Red Cedar
2 property" means property:

3 1. Either:

4 a. classified as cropland, improved pasture, native
5 pasture or timber waste which does not have
6 improvements such as a homestead exemption filed on
7 the property and is infested with red cedar
8 encroachment of more than fifty trees per acre which
9 are at least five (5) feet tall, or

10 b. classified as nonagricultural and which is infested
11 with red cedar encroachment of more than fifty trees
12 per acre which are at least five (5) feet tall;

13 2. Registered pursuant to the Eastern Red Cedar Registry Board
14 Act; and

15 3. On which the owner is actively engaged in the removal of red
16 cedar.

17 B. An owner of qualifying Eastern Red Cedar property may apply
18 to the county assessor for the county in which the property is
19 located to have the property reclassified to timber waste or the
20 lowest classification category allowed in the county. If the county
21 assessor verifies that the property is qualifying Eastern Red Cedar
22 property, the county assessor shall reclassify the property outside
23 of the regular interval of reassessment, with or without visual
24 inspection. The qualifying Eastern Red Cedar property shall remain

1 at the reclassified category until the owner has removed the
2 infestation of Eastern Red Cedar, at which time the county assessor
3 may reassess the property and assign a different classification and
4 the property owner may apply for the in lieu tax treatment pursuant
5 to this section.

6 C. An owner of qualifying Eastern Red Cedar property who has
7 removed the infestation may apply for in lieu tax treatment for a
8 single tax year pursuant to this section. The owner must reapply
9 and be approved pursuant to this section for each additional tax
10 year.

11 D. Upon application by a property owner for the in lieu tax
12 treatment, the county assessor for the county in which the property
13 is located shall verify that the applicant satisfies the provisions
14 of subsection A of this section for the applicable tax year and has
15 removed the infestation. The county assessor may request such
16 additional information as may be necessary in order to complete the
17 verification required by this subsection. If approved, the county
18 assessor shall provide the approval to qualifying property owners in
19 writing specifying the tax year for which the property qualifies
20 pursuant to this section.

21 E. A total of not more than three hundred thousand (300,000)
22 acres of qualifying Eastern Red Cedar property statewide shall be
23 approved during any one (1) tax year for the in lieu tax treatment,
24 which number represents approximately one-third (1/3) of the total

1 number of acres of property in the state which are classified by
2 county assessors as timber waste. Prior to approval of an
3 application by an owner of qualifying Eastern Red Cedar property for
4 the in lieu tax treatment, the county assessor shall report the
5 number of acres seeking the in lieu tax treatment to the Oklahoma
6 Tax Commission and verify with the Commission that the statewide cap
7 of three hundred thousand (300,000) acres has not been met. The
8 Oklahoma Tax Commission shall keep a record of the total number of
9 acres approved statewide during each tax year.

10 F. Beginning January 1, 2014, an owner of qualifying Eastern
11 Red Cedar property that has been approved pursuant to subsection D
12 of this section who then files an election with the county assessor
13 of the county in which the property is located to be subject to the
14 in lieu tax payment requirements imposed by this section shall be
15 subject to an in lieu tax which shall be levied at the rate of One
16 Dollar (\$1.00) per acre of qualifying Eastern Red Cedar property for
17 the applicable tax year. An election authorized by this subsection
18 shall be filed not later than March 15 of the applicable tax year.
19 Once the election to be subject to the in lieu tax treatment
20 provided by this section has been filed, it shall be irrevocable and
21 the in lieu tax treatment for the applicable tax year shall not be
22 subject to modification.

23 G. The in lieu tax payment required by this section shall be
24 paid to the county treasurer of the county or counties in which

1 qualifying Eastern Red Cedar property is located not later than
2 December 1 of the applicable tax year.

3 H. The revenue derived from the in lieu tax required by this
4 section shall be apportioned by the county treasurer each year based
5 upon the ratio that the millage levy of each local taxing
6 jurisdiction in which the qualifying Eastern Red Cedar property is
7 located bears to the total amount of all millage levies imposed by
8 all local taxing jurisdictions in which the qualifying eastern red
9 cedar property is located. The provisions of this subsection shall
10 be applicable to general fund millage levies, building fund millage
11 levies and sinking fund millage levies imposed each year.

12 I. The payment of the tax imposed pursuant to the provisions of
13 this section shall be in lieu of any and all ad valorem taxes that
14 would otherwise be imposed as a result of the millage levied against
15 the taxable value of the qualifying Eastern Red Cedar property for
16 the applicable tax year.

17 J. If qualifying Eastern Red Cedar property is subject to the
18 in lieu tax payment required by the provisions of this section, the
19 qualifying Eastern Red Cedar property owner shall not be eligible
20 for the exemption for qualifying manufacturing concerns otherwise
21 authorized pursuant to Section 2902 of Title 68 of the Oklahoma
22 Statutes.

23 K. If the in lieu tax payment required by this section is not
24 paid by December 31 of the applicable tax year, the principal amount

1 of the in lieu tax payment shall bear interest at the rate of
2 fifteen percent (15%) per annum and there shall be imposed an
3 additional penalty of Five Hundred Dollars (\$500.00) for each month
4 after December that the in lieu tax is not paid. The penalty shall
5 accrue at the end of each month if the in lieu tax has not been paid
6 as of that date. Interest and penalty shall be apportioned in the
7 same manner as prescribed by this section for the principal amount
8 of the in lieu tax payment.

9 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2805, is
10 amended to read as follows:

11 Section 2805. The following fees or taxes levied by the
12 provisions of the Oklahoma Statutes shall be in lieu of ad valorem
13 tax, whether in lieu of real property tax, personal property tax, or
14 both as provided by law:

15 1. The registration fees and taxes imposed upon aircraft by
16 Section 251 et seq. of Title 3 of the Oklahoma Statutes;

17 2. Registration fees for motor vehicles as provided in Section
18 1103 of Title 47 of the Oklahoma Statutes, except as otherwise
19 specifically provided;

20 3. The fee imposed upon transfers of used vehicles in lieu of
21 the ad valorem tax upon inventories of used motor vehicles by
22 Section 1137.1 of Title 47 of the Oklahoma Statutes;

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1 4. The registration and license fees imposed upon vessels and
2 motors pursuant to the Oklahoma Vessel and Motor Registration Act,
3 Section 4001 et seq. of Title 63 of the Oklahoma Statutes;

4 5. The taxes levied upon the gross production of substances
5 pursuant to Section 1001 of this title;

6 6. The taxes levied upon the gross production of substances
7 pursuant to Section 1020 of this title;

8 7. The tax imposed upon gross receipts pursuant to Section 1803
9 of this title;

10 8. The tax imposed upon certain textile products pursuant to
11 Section 2001 of this title;

12 9. The tax imposed upon certain freight cars pursuant to
13 Section 2202 of this title;

14 10. The tax imposed on certain parts of the inventories, both
15 new and used items, owned and/or possessed for sale by retailers of
16 farm tractors and other equipment pursuant to Sections ~~4~~ 5401
17 through ~~4~~ 5404 of this ~~act~~ title;

18 11. The tax imposed upon inventories of new vehicles and
19 certain vessels pursuant to Section 5301 of this title; ~~and~~

20 12. The tax imposed on qualifying Eastern Red Cedar property
21 pursuant to Section 7 of this act; and

22 13. Such other fees or taxes as may be expressly provided by
23 law to be in lieu of ad valorem taxation.

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1 SECTION 9. AMENDATORY 74 O.S. 2011, Section 85.44D, as
2 amended by Section 757, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2013, Section 85.44D), is amended to read as follows:

4 Section 85.44D A. It is the intent of the Legislature that all
5 state agencies procure and use products or materials made from or
6 utilizing materials from trees harvested in Oklahoma when such
7 products or materials are available.

8 B. By ~~July 1, 2011~~ November 1, 2014, the Purchasing Division of
9 the Office of Management and Enterprise Services ~~when accepting bids~~
10 ~~for state purchases of products and materials~~ shall give preference
11 ~~to the suppliers of wood products made from or products manufactured~~
12 ~~utilizing materials from trees harvested in Oklahoma if the price~~
13 ~~for the products and materials is not substantially higher than the~~
14 ~~price for other wood products and materials and the quality and~~
15 ~~grade requirements are otherwise comparable~~ register any
16 manufacturer of products made from trees harvested in Oklahoma which
17 is registered with the Eastern Red Cedar Registry Board pursuant to
18 Section 5059.4 of Title 74 of the Oklahoma Statutes on the central
19 purchasing vendor registration system for state agency purchasing,
20 in the appropriate category or categories of commodities. The
21 Department shall waive any registration fee for the manufacturer for
22 the first year of registration.

23 C. By July 1, 2011, the Purchasing Division of the Office of
24 Management and Enterprise Services shall promulgate rules and

1 implement a program for extending state procurement specifications
2 to products made from or manufactured utilizing materials from trees
3 harvested in Oklahoma and identifying the products.

4 SECTION 10. RECODIFICATION 2 O.S. 2011, Sections 18-401
5 and 18-402, shall be recodified as Sections 5059.1 and 5059.2 of
6 Title 74 of the Oklahoma Statutes, unless there is created a
7 duplication in numbering.

8 SECTION 11. RECODIFICATION 2 O.S. 2011, Section 18-403,
9 as amended by Section 1 of this act, shall be recodified as Section
10 5059.3 of Title 74 of the Oklahoma Statutes, unless there is created
11 a duplication in numbering.

12 SECTION 12. RECODIFICATION 2 O.S. 2011, Section 18-404,
13 shall be recodified as Section 5059.4 of Title 74 of the Oklahoma
14 Statutes, unless there is created a duplication in numbering.

15 SECTION 13. RECODIFICATION 2 O.S. 2011, Section 18-405,
16 as amended by Section 2 of this act, shall be recodified as Section
17 5059.5 of Title 74 of the Oklahoma Statutes, unless there is created
18 a duplication in numbering.

19 SECTION 14. RECODIFICATION 2 O.S. 2011, Section 18-406,
20 shall be recodified as Section 5059.6 of Title 74 of the Oklahoma
21 Statutes, unless there is created a duplication in numbering.

22 SECTION 15. RECODIFICATION 2 O.S. 2011, Section 18-407,
23 as last amended by Section 3 of this act, shall be recodified as
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1 Section 5059.7 of Title 74 of the Oklahoma Statutes, unless there is
2 created a duplication in numbering.

3 SECTION 16. RECODIFICATION 2 O.S. 2011, Section 18-408,
4 shall be recodified as Section 5059.8 of Title 74 of the Oklahoma
5 Statutes, unless there is created a duplication in numbering.

6 SECTION 17. This act shall become effective July 1, 2014.

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

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12 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
13 02/24/2014 - DO PASS, As Amended and Coauthored.

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