STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1775 By: McCall

COMMITTEE SUBSTITUTE

An Act relating to local government funding options; authorizing county to call for an election regarding the tax of rock, gravel, granite, sand and limestone upon its severance; providing exception for materials extracted on private property by natural persons; providing exception for limestone extracted for agricultural purposes; requiring voter approval before levying of tax; specifying time period before subsequent special election can be called under certain circumstances; providing effective date for tax levy or change in tax rate; requiring designation of purpose for tax and specifying purposes; specifying disposition of funds; providing for duration of tax; requiring Oklahoma Tax Commission to provide certain notice; modifying effective date of rate change under specified circumstances; authorizing certain contract between county and Tax Commission and providing contract criteria; authorizing Tax Commission to charge specified fee; requiring initiative petitions be in compliance with specified statutes; mandating specified procedures; setting time period during which election shall be held; providing for certain credit based on sales tax treatment; providing for apportionment of revenues to municipalities under certain circumstances; prohibiting counties from imposing certain fees, charges, assessments or related costs; 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 1001.5 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Any county of this state is hereby authorized to levy a tax upon the severance of rock, gravel, granite, sand, limestone or any other natural materials mined for purposes of producing aggregate within the territorial limits of the county by any lawfully recognized for-profit business entity in an amount specified in the special election called as provided herein.

B. No severance tax shall be applicable to aggregates extracted by an individual person or persons from real property owned by such person or persons and not sold for profit.

C. No severance tax shall be applicable to limestone extracted for agricultural purposes.

D. Before a severance tax may be levied by the county, the imposition of the tax shall first be approved by a majority of the registered voters of the county voting thereon at a special election called by the board of county commissioners or by an initiative petition signed by not less than five percent (5%) of the registered voters of the county who were registered at the time of the last general election. The question submitted shall be limited to the purposes described by subsection G of this section. However, if a majority of the registered voters of a county voting fail to approve

such a tax, the board of county commissioners shall not call another special election for such purpose for six (6) months.

E. Any tax levied or any change in the rate of a tax levied pursuant to the provisions of this section shall become effective on the first day of the calendar quarter following approval by the voters of the county unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance or resolution levying the tax or changing the rate of the tax. The county may approve a severance tax up to fifteen cents ($0.15) per ton on the production of rock, gravel, granite, sand and limestone.

F. Any severance tax which may be levied by a county shall be designated for a specific or general purpose by a majority vote of the board of county commissioners or as stated by initiative petition. The county shall identify the purpose of the severance tax when it is presented to the voters pursuant to the provisions of subsection A of this section.

G. Except as provided by Section 2 of this act, the proceeds of any severance tax levied by a county shall be deposited in the county general fund and shall be used for any roads and bridges but shall not be used for salaries or other forms of employee compensation and may only be used for construction or improvement of roads and bridges.

H. The life of a tax levied pursuant to the provisions of this section may be limited or unlimited in duration. The county shall identify the duration of the tax when it is presented to the voters pursuant to the provisions of subsection A of this section.

I. The Oklahoma Tax Commission shall give notice to all relevant taxpayers of a rate change at least sixty (60) days prior to the effective date of the rate change. Failure to give notice as required by this section shall delay the effective date of the rate change to the first day of the next calendar quarter. The board of county commissioners of a county levying a tax pursuant to the provisions of this section and the Tax Commission are authorized to enter into a contract whereby the Tax Commission shall have authority to assess, collect and enforce the tax and any penalties or interest thereon levied by the county and to remit the same to the county. Such authority shall apply to any tax levied pursuant to this section and penalty or interest liability existing at the time of contracting. Upon contracting, the Tax Commission shall have the power of enforcement of the tax, penalties or interest that are vested in the county. The contract shall provide for the assessment, collection and enforcement of the tax, penalties or interest in the same manner as the administration, collection or enforcement of the state gross production tax by the Tax Commission. For providing such assistance, the Tax Commission shall charge the

county a fee of one-half of one percent (1/2 of 1%) of the gross collection proceeds.

J. Initiative petitions calling for a special election concerning county severance tax proposals shall be in accordance with Sections 2, 3, 3.1, 6, 18 and 24 of Title 34 of the Oklahoma Statutes. Petitions shall be submitted to the office of the county clerk for approval as to form prior to circulation. Following approval, the petitioner shall have ninety (90) days to secure the required signatures. After securing the requisite number of signatures, the petitioner shall submit the petition and signatures to the county clerk. Following the verification of signatures, the county clerk shall present the petition to the board of county commissioners. The special election shall be held within sixty (60) days of the board of county commissioners receiving the petition from the county clerk.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1001.6 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. All materials sold where an appropriate county sales tax was charged, collected and remitted to the county where the materials were severed shall receive a credit against the severance tax in the same amount of the sales tax portion that was remitted to the county of origin.

B. All materials sold to a tax-exempt entity where no sales tax is collected shall be subject to the severance tax.

C. If the mining or extracting of aggregates takes place within the incorporated area of a municipality, fifty percent (50%) of the revenue derived from the mining or extracting of aggregates which occurs within such incorporated municipal area from a severance tax levy imposed by a county pursuant to Section 1 of this act shall be apportioned to the general revenue fund of the municipality and fifty percent (50%) of the revenue shall be apportioned to the county as provided by subsection F of Section 1 of this act.

D. No county that receives revenue from a severance tax levy on aggregates as authorized by this act shall impose any fee, charge, assessment or other cost for the privilege of engaging in the mining or extraction of aggregates.

SECTION 3. This act shall become effective November 1, 2015.

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