STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1254 By: Quinn

AS INTRODUCED

An Act relating to gross production tax; amending 68 O.S. 2011, Section 1004, as last amended by Section 3, Chapter 346, O.S.L. 2014, (68 O.S. Supp. 2015, Section 1004), which relates to apportionment; setting specified limit on apportionment of revenue and providing for distribution of amounts in excess of limit; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 1004, as last amended by Section 3, Chapter 346, O.S.L. 2014 (68 O.S. Supp. 2015, Section 1004), is amended to read as follows:

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

1. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper:

~~a.~~

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

~~b.~~

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

~~c.~~

(3) seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be

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

b. in no event shall the amount paid pursuant to division 2 of subparagraph a of this paragraph exceed the total amount paid for the fiscal year ending on June 30, 2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund;

2. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of seven percent (7%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

(1) eighty-five and seventy-two one-hundredths percent (85.72%) shall be paid to the State Treasurer of the state to be placed in the

General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature,

~~b.~~

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

~~c.~~

(3) seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad

valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction; and

b. in no event shall the amount paid pursuant to division 2 of subparagraph a of this paragraph exceed the total amount paid for the fiscal year ending on June 30, 2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund;

3. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of four percent (4%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

(1) seventy-five percent (75%) shall be paid to the State Treasurer of the state to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature,

~~b.~~

(2) twelve and one-half percent (12.5%) of the sum collected from natural gas and/or casinghead gas

shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

~~c.~~

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

b. in no event shall the amount paid pursuant to division 2 of subparagraph a of this paragraph exceed the total amount paid for the fiscal year ending on June 30,

2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund;

4. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of one percent (1%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

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

~~b.~~

(2) fifty percent (50%) shall be allocated to each county as provided for in subparagraph a of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction to the school districts of the

county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction; and

b. in no event shall the total amount paid pursuant to division 1 of subparagraph a of this paragraph exceed the total amount paid for the fiscal year ending on June 30, 2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund;

5. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on natural gas and/or casinghead gas at a tax rate of two percent (2%) pursuant to the provisions of subparagraph c of paragraph 3 of subsection B of Section 1001 of this title:

~~a.~~

(1) fifty percent (50%) shall be paid to the State Treasurer to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out

pursuant to direct appropriation by the Legislature,

~~b.~~

(2) twenty-five percent (25%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

~~c.~~

(3) twenty-five percent (25%) shall be allocated to each county as provided for in subparagraph b of this paragraph and shall be apportioned on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction; and

b. in no event shall the total amount paid pursuant to division 2 of subparagraph a of this paragraph exceed the total amount paid for the fiscal year ending on June 30, 2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund;

6. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on oil at a tax rate of seven percent (7%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

(1) twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Common Education Technology Revolving Fund created in Section 34.90 of Title 62 of the Oklahoma Statutes,

~~b.~~

(2) twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Higher Education Capital Revolving Fund created in Section 34.91 of Title 62 of the Oklahoma Statutes,

~~c.~~

(3) twenty-five and seventy-two one-hundredths percent (25.72%) shall be paid to the State Treasurer to be placed in the Oklahoma Student Aid Revolving Fund created in Section 34.92 of Title 62 of the Oklahoma Statutes,

~~d.~~

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

~~e.~~

(5) four and twenty-eight one-hundredths percent (4.28%) shall be paid to the State Treasurer to be apportioned to:

~~(1)~~

(a) the following sources and in the following amounts through the fiscal year ending June 30, 2016:

~~(a)~~

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

~~(b)~~

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

~~(c)~~

iii. thirty-three and one-third percent (33 1/3%) to the Community Water

Infrastructure Development Revolving Fund created pursuant to Section 1085.7A of Title 82 of the Oklahoma Statutes, and

~~(2)~~

(b) the Oklahoma Water Resources Board Rural Economic Action Plan Water Projects Fund for the fiscal year beginning July 1, 2016, and for each fiscal year thereafter,

~~f.~~

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

~~g.~~

(7) seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided in subparagraph f of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the

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

~~h.~~

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

b. in no event shall the amounts distributed pursuant to division (4) and paid pursuant to division (6) of subparagraph a of this paragraph exceed the amounts distributed and paid for the fiscal year ending on June 30, 2013. Any amounts which exceed the limitations of this subparagraph shall be placed to the credit of the General Revenue Fund;

7. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax

levied on oil at a tax rate of four percent (4%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

(1) twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Common Education Technology Revolving Fund created in Section 34.90 of Title 62 of the Oklahoma Statutes,

~~b.~~

(2) twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Higher Education Capital Revolving Fund created in Section 34.91 of Title 62 of the Oklahoma Statutes,

~~c.~~

(3) twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Oklahoma Student Aid Revolving Fund created in Section 34.92 of Title 62 of the Oklahoma Statutes,

~~d.~~

(4) three and twenty-eight one-hundredths percent (3.28%) shall be distributed to the various

counties of the state for deposit into the County Bridge and Road Improvement Fund of each county based on a formula developed by the Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes to be used for the purposes set forth in the County Bridge and Road Improvement Act. The formula shall be similar to the formula currently used for the distribution of monies in the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to county road improvement and maintenance costs,

~~e.~~

(5) three and seventy-five one-hundredths percent (3.75%) shall be paid to the State Treasurer to be apportioned to:

~~(1)~~

(a) the following sources and in the following amounts through the fiscal year ending June 30, 2016:

~~(a)~~

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

~~(b)~~

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

~~(c)~~

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

~~(2)~~

(b) the Oklahoma Water Resources Board Rural Economic Action Plan Water Projects Fund for

the fiscal year beginning July 1, 2016, and for each fiscal year thereafter,

~~f.~~

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

~~g.~~

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

~~h.~~

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

b. in no event shall the amounts distributed pursuant to divisions (4), (5),(6) and (8) of subparagraph a of this paragraph exceed the amounts distributed and paid for the fiscal year ending on June 30, 2013. Any amounts which exceed the limitations of this subparagraph shall be placed to the credit of the General Revenue Fund;

8. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on oil at a tax rate of one percent (1%) pursuant to the provisions of subsection B of Section 1001 of this title:

~~a.~~

(1) fifty percent (50%) of the sum collected shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share

of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

~~b.~~

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

b. in no event shall the amounts paid pursuant to division (1) of subparagraph a of this paragraph exceed the amounts distributed and paid for the fiscal year ending on June 30, 2015. Any amounts which exceed the limitations of this subparagraph shall be placed to the credit of the General Revenue Fund;

9. ~~For~~

a. except as otherwise provided in subparagraph b of this paragraph, for all monies collected from the tax levied on oil at a tax rate of two percent (2%) pursuant to the provisions of subparagraph c of paragraph 3 of subsection B of Section 1001 of this title:

~~a.~~

(1) fifty percent (50%) shall be paid to the State Treasurer to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature,

~~b.~~

(2) twenty-five percent (25%) of the sum collected from oil shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

~~c.~~

(3) twenty-five percent (25%) shall be allocated to each county as provided in subparagraph b of this paragraph and shall be apportioned on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public Instruction, to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction; and

b. in no event shall the amounts paid pursuant to division (2) of subparagraph a of this paragraph exceed the amounts distributed and paid for the fiscal year ending on June 30, 2013. Any amounts which exceed this limitation shall be placed to the credit of the General Revenue Fund.

B. Provided, notwithstanding any other provision of this section, the total amounts deposited to the Common Education Technology Revolving Fund, the Higher Education Capital Revolving Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation Department Capital Expenditure Revolving Fund, the Oklahoma Conservation Commission Infrastructure Revolving Fund and the

Community Water Infrastructure Development Revolving Fund pursuant to paragraphs 6 and 7 of subsection A of this section shall not exceed One Hundred Fifty Million Dollars ($150,000,000.00) in any fiscal year. Except as otherwise provided in this subsection, all sums in excess of One Hundred Fifty Million Dollars ($150,000,000.00) in any fiscal year which would otherwise be deposited in such funds shall be apportioned by the Oklahoma Tax Commission to the General Revenue Fund of the state.

SECTION 2. This act shall become effective July 1, 2016.

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

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