

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 SENATE BILL 857

By: Jolley and Treat of the
Senate

4 and

5 Sears and Casey of the
6 House

7
8
9 AS INTRODUCED

10 An Act relating to gross production tax; amending 68
11 O.S. 2011, Section 1004, as last amended by Section
12 3, Chapter 346, O.S.L. 2014 (68 O.S. Supp. 2014,
13 Section 1004), which relates to apportionment of
gross production tax; clarifying time period during
which revenue is apportioned in specified manner; and
providing an effective date.

14
15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1004, as
17 last amended by Section 3, Chapter 346, O.S.L. 2014 (68 O.S. Supp.
18 2014, Section 1004), is amended to read as follows:

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

22 1. For all monies collected from the tax levied on asphalt or
23 ores bearing uranium, lead, zinc, jack, gold, silver or copper:
24

- 1 a. eighty-five and seventy-two one-hundredths percent
2 (85.72%) shall be paid to the State Treasurer of the
3 state to be placed in the General Revenue Fund of the
4 state and used for the general expense of state
5 government, to be paid out pursuant to direct
6 appropriation by the Legislature,
- 7 b. seven and fourteen one-hundredths percent (7.14%) of
8 the sum collected from natural gas and/or casinghead
9 gas or asphalt or ores bearing uranium, lead, zinc,
10 jack, gold, silver or copper shall be paid to the
11 various county treasurers to be credited to the County
12 Highway Fund as follows: Each county shall receive a
13 proportionate share of the funds available based upon
14 the proportion of the total value of production from
15 such county in the corresponding month of the
16 preceding year, and
- 17 c. seven and fourteen one-hundredths percent (7.14%)
18 shall be allocated to each county as provided for in
19 subparagraph b of this paragraph and shall be
20 apportioned, on an average daily attendance per capita
21 distribution basis, as certified by the State
22 Superintendent of Public Instruction to the school
23 districts of the county where such pupils attend
24 school regardless of residence of such pupil, provided

1 the school district makes an ad valorem tax levy of
2 fifteen (15) mills for the current year and maintains
3 twelve (12) years of instruction;

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

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

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

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

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

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

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

16 b. twelve and one-half percent (12.5%) of the sum
17 collected from natural gas and/or casinghead gas shall
18 be paid to the various county treasurers to be
19 credited to the County Highway Fund as follows: Each
20 county shall receive a proportionate share of the
21 funds available based upon the proportion of the total
22 value of production from such county in the
23 corresponding month of the preceding year, and
24

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

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

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

23 b. fifty percent (50%) shall be allocated to each county
24 as provided for in subparagraph a of this paragraph

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

9 5. For all monies collected from the tax levied on natural gas
10 and/or casinghead gas at a tax rate of two percent (2%) pursuant to
11 the provisions of subparagraph c of paragraph 3 of subsection B of
12 Section 1001 of this title:

- 13 a. fifty percent (50%) shall be paid to the State
14 Treasurer to be placed in the General Revenue Fund of
15 the state and used for the general expense of state
16 government, to be paid out pursuant to direct
17 appropriation by the Legislature,
- 18 b. twenty-five percent (25%) of the sum collected from
19 natural gas and/or casinghead gas shall be paid to the
20 various county treasurers to be credited to the County
21 Highway Fund as follows: Each county shall receive a
22 proportionate share of the funds available based upon
23 the proportion of the total value of production from
24

1 such county in the corresponding month of the
2 preceding year, and

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

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

16 a. twenty-five and seventy-two one-hundredths percent
17 (25.72%) shall be paid to the State Treasurer to be
18 placed in the Common Education Technology Revolving
19 Fund created in Section 34.90 of Title 62 of the
20 Oklahoma Statutes,

21 b. twenty-five and seventy-two one-hundredths percent
22 (25.72%) shall be paid to the State Treasurer to be
23 placed in the Higher Education Capital Revolving Fund
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1 created in Section 34.91 of Title 62 of the Oklahoma
2 Statutes,

3 c. twenty-five and seventy-two one-hundredths percent
4 (25.72%) shall be paid to the State Treasurer to be
5 placed in the Oklahoma Student Aid Revolving Fund
6 created in Section 34.92 of Title 62 of the Oklahoma
7 Statutes,

8 d. three and seven hundred forty-five one-thousandths
9 percent (3.745%) shall be distributed to the various
10 counties of the state for deposit into the County
11 Bridge and Road Improvement Fund of each county based
12 on a formula developed by the Department of
13 Transportation and approved by the Department of
14 Transportation County Advisory Board created pursuant
15 to Section 302.1 of Title 69 of the Oklahoma Statutes
16 to be used for the purposes set forth in the County
17 Bridge and Road Improvement Act. The formula shall be
18 similar to the formula currently used for the
19 distribution of monies in the County Bridge Program
20 funds, but shall also take into consideration the
21 effect of the terrain and traffic volume as related to
22 county road improvement and maintenance costs,
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1 e. four and twenty-eight one-hundredths percent (4.28%)
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 2016:

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

3 f. seven and fourteen one-hundredths percent (7.14%) of
4 the sum collected from oil shall be paid to the
5 various county treasurers, to be credited to the
6 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,

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

22 h. five hundred thirty-five one-thousandths percent
23 (0.535%) of the levy shall be transmitted by the
24 Oklahoma Tax Commission to the Statewide Circuit

1 Engineering District Revolving Fund as created in
2 Section 687.2 of Title 69 of the Oklahoma Statutes;

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

6 a. twenty-two and one-half percent (22.5%) shall be paid
7 to the State Treasurer to be placed in the Common
8 Education Technology Revolving Fund created in Section
9 34.90 of Title 62 of the Oklahoma Statutes,

10 b. twenty-two and one-half percent (22.5%) shall be paid
11 to the State Treasurer to be placed in the Higher
12 Education Capital Revolving Fund created in Section
13 34.91 of Title 62 of the Oklahoma Statutes,

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

18 d. three and twenty-eight one-hundredths percent (3.28%)
19 shall be distributed to the various counties of the
20 state for deposit into the County Bridge and Road
21 Improvement Fund of each county based on a formula
22 developed by the Department of Transportation and
23 approved by the Department of Transportation County
24 Advisory Board created pursuant to Section 302.1 of

1 Title 69 of the Oklahoma Statutes to be used for the
2 purposes set forth in the County Bridge and Road
3 Improvement Act. The formula shall be similar to the
4 formula currently used for the distribution of monies
5 in the County Bridge Program funds, but shall also
6 take into consideration the effect of the terrain and
7 traffic volume as related to county road improvement
8 and maintenance costs,

9 e. three and seventy-five one-hundredths percent (3.75%)
10 shall be paid to the State Treasurer to be apportioned
11 to:

12 (1) the following sources and in the following
13 amounts through the fiscal year ending June 30,
14 2016:

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

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

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

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

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

17 g. twelve and one-half percent (12.5%) shall be allocated
18 to each county as provided in subparagraph f of this
19 paragraph and shall be apportioned on an average daily
20 attendance per capita distribution basis, as certified
21 by the State Superintendent of Public Instruction, to
22 the school districts of the county where such pupils
23 attend school regardless of residence of such pupil,
24 provided the school district makes an ad valorem tax

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

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

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

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

18 b. fifty percent (50%) shall be allocated to each county
19 as provided for in subparagraph a of this paragraph
20 and shall be apportioned on an average daily
21 attendance per capita distribution basis, as certified
22 by the State Superintendent of Public Instruction, to
23 the school districts of the county where such pupils
24 attend school regardless of residence of such pupil,

1 provided the school district makes an ad valorem tax
2 levy of fifteen (15) mills for the current year and
3 maintains twelve (12) years of instruction;

4 9. For all monies collected from the tax levied on oil at a tax
5 rate of two percent (2%) pursuant to the provisions of subparagraph
6 c of paragraph 3 of subsection B of Section 1001 of this title:

7 a. fifty percent (50%) shall be paid to the State
8 Treasurer to be placed in the General Revenue Fund of
9 the 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. twenty-five percent (25%) of the sum collected from
13 oil shall be paid to the various county treasurers, to
14 be credited to the County Highway Fund as follows:
15 Each county shall receive a proportionate share of the
16 funds available based upon the proportion of the total
17 value of production from such county in the
18 corresponding month of the preceding year, and

19 c. twenty-five percent (25%) shall be allocated to each
20 county as provided in subparagraph b of this paragraph
21 and shall be apportioned on an average daily
22 attendance per capita distribution basis, as certified
23 by the State Superintendent of Public Instruction, to
24 the school districts of the county where such pupils

1 attend school regardless of residence of such pupil,
2 provided the school district makes an ad valorem tax
3 levy of fifteen (15) mills for the current year and
4 maintains twelve (12) years of instruction.

5 B. Provided, notwithstanding any other provision of this
6 section, the total amounts deposited to the Common Education
7 Technology Revolving Fund, the Higher Education Capital Revolving
8 Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic
9 Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation
10 Department Capital Expenditure Revolving Fund, the Oklahoma
11 Conservation Commission Infrastructure Revolving Fund and the
12 Community Water Infrastructure Development Revolving Fund pursuant
13 to paragraphs 6 and 7 of subsection A of this section shall not
14 exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any
15 fiscal year. Except as otherwise provided in this subsection, all
16 sums in excess of One Hundred Fifty Million Dollars
17 (\$150,000,000.00) in any fiscal year which would otherwise be
18 deposited in such funds shall be apportioned by the Oklahoma Tax
19 Commission to the General Revenue Fund of the state.

20 C. Provided, the apportionment of monies collected from the tax
21 levied on oil or gas at the rate of one percent (1%) and four
22 percent (4%) pursuant to this section shall only continue so long as
23 such rates are levied pursuant to Section 1001 of this title.
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1 SECTION 2. This act shall become effective November 1, 2015.

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