

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE  
4 FOR

5 HOUSE BILL NO. 1876

By: McCall

6  
7 COMMITTEE SUBSTITUTE

8 An Act relating to severance tax; authorizing county  
9 to impose tax upon severance of rock, gravel,  
granite, sand, gypsum and limestone; providing  
10 exception for materials extracted on private property  
by natural persons; providing exception for limestone  
11 extracted for agricultural purposes; requiring voter  
approval before levying of tax; specifying time  
12 period before subsequent special election can be  
called under certain circumstances; providing  
13 effective date for tax levy or change in tax rate;  
requiring designation of purpose for tax and  
14 specifying purposes; specifying disposition of funds;  
providing for duration of tax; requiring Oklahoma Tax  
Commission to provide certain notice; modifying  
15 effective date of rate change under specified  
circumstances; authorizing certain contract between  
16 county and Tax Commission and providing contract  
criteria; authorizing Tax Commission to charge  
17 specified fee; requiring initiative petitions be in  
compliance with specified statutes; mandating  
18 specified procedures; setting time period during  
which election shall be held; providing for certain  
19 credit based on sales tax treatment; providing for  
apportionment of revenues to municipalities under  
20 certain circumstances; prohibiting counties from  
imposing certain fees, charges, assessments or  
21 related costs; providing for codification; and  
providing an effective date.  
22

23  
24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1       SECTION 1.       NEW LAW       A new section of law to be codified

2 in the Oklahoma Statutes as Section 1001.5 of Title 68, unless there  
3 is created a duplication in numbering, reads as follows:

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

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

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

15       D. Before a severance tax may be levied by the county, the  
16 imposition of the tax shall first be approved by a majority of the  
17 registered voters of the county voting thereon at a special election  
18 called by the board of county commissioners or by an initiative  
19 petition signed by not less than five percent (5%) of the registered  
20 voters of the county who were registered at the time of the last  
21 general election. The question submitted shall be limited to the  
22 purposes described by subsection G of this section. However, if a  
23 majority of the registered voters of a county voting fail to approve  
24

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

3 E. Any tax levied or any change in the rate of a tax levied  
4 pursuant to the provisions of this section shall become effective on  
5 the first day of the calendar quarter following approval by the  
6 voters of the county unless another effective date, which shall also  
7 be on the first day of a calendar quarter, is specified in the  
8 ordinance or resolution levying the tax or changing the rate of the  
9 tax. The county may approve up to five percent (5%) severance tax  
10 on the gross value of the production of rock, gravel, granite, sand,  
11 gypsum and limestone.

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

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

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

5       I. The Oklahoma Tax Commission shall give notice to all  
6 relevant taxpayers of a rate change at least sixty (60) days prior  
7 to the effective date of the rate change. Failure to give notice as  
8 required by this section shall delay the effective date of the rate  
9 change to the first day of the next calendar quarter. The board of  
10 county commissioners of a county levying a tax pursuant to the  
11 provisions of this section and the Tax Commission are authorized to  
12 enter into a contract whereby the Tax Commission shall have  
13 authority to assess, collect and enforce the tax and any penalties  
14 or interest thereon levied by the county and to remit the same to  
15 the county. Such authority shall apply to any tax levied pursuant  
16 to this section and penalty or interest liability existing at the  
17 time of contracting. Upon contracting, the Tax Commission shall  
18 have the power of enforcement of the tax, penalties or interest that  
19 are vested in the county. The contract shall provide for the  
20 assessment, collection and enforcement of the tax, penalties or  
21 interest in the same manner as the administration, collection or  
22 enforcement of the state gross production tax by the Tax Commission.  
23 For providing such assistance, the Tax Commission shall charge the  
24

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

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

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

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

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

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

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

15 SECTION 3. This act shall become effective November 1, 2014.  
16

17 54-1-10369 JM 02/25/14  
18  
19  
20  
21  
22  
23  
24