

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. 1876

By: McCall of the House

and

Simpson of the Senate

10 COMMITTEE SUBSTITUTE

11 An Act relating to severance tax; authorizing county
12 to impose tax upon severance of rock, gravel,
13 granite, sand, gypsum and limestone; providing
14 exception for materials extracted on private property
15 by natural persons; providing exception for limestone
16 extracted for agricultural purposes; requiring voter
17 approval before levying of tax; specifying time
18 period before subsequent special election can be
19 called under certain circumstances; providing
20 effective date for tax levy or change in tax rate;
21 requiring designation of purpose for tax and
22 specifying purposes; specifying disposition of funds;
23 providing for duration of tax; requiring Oklahoma Tax
24 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

1 related costs; providing for codification; and
2 providing an effective date.
3

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

5 SECTION 1. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 1001.5 of Title 68, unless there
7 is created a duplication in numbering, reads as follows:

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

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

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

19 D. Before a severance tax may be levied by the county, the
20 imposition of the tax shall first be approved by a majority of the
21 registered voters of the county voting thereon at a special election
22 called by the board of county commissioners or by an initiative
23 petition signed by not less than five percent (5%) of the registered
24 voters of the county who were registered at the time of the last

1 general election. The question submitted shall be limited to the
2 purposes described by subsection G of this section. However, if a
3 majority of the registered voters of a county voting fail to approve
4 such a tax, the board of county commissioners shall not call another
5 special election for such purpose for six (6) months.

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

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

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

1 employee compensation and may only be used for construction or
2 improvement of infrastructure.

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

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

1 For providing such assistance, the Tax Commission shall charge the
2 county a fee of one-half of one percent (1/2 of 1%) of the gross
3 collection proceeds.

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

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

20 A. All materials sold where an appropriate county sales tax was
21 charged, collected and remitted to the county where the materials
22 were severed shall receive a credit against the severance tax in the
23 same amount of the sales tax portion that was remitted to the county
24 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 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
18 02/25/2014 - DO PASS, As Amended and Coauthored.