

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 862

By: David and Fields of the
Senate

6 and

7 Osborn (Leslie) and Wallace
8 of the House

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11 COMMITTEE SUBSTITUTE

12 An Act relating to sales tax; amending 68 O.S. 2011,
13 Section 1353, as last amended by Section 1, Chapter
14 349, O.S.L. 2015 and 1357.10 (68 O.S. Supp. 2016,
15 Section 1353), which relate to sales tax exemption
16 for specified items during certain time period;
17 providing exception to certain apportionment of sales
18 tax revenue; suspending certain exemption for
19 specified years; providing an effective date; and
20 declaring an emergency.

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

22 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1353, as
23 last amended by Section 1, Chapter 349, O.S.L. 2015 (68 O.S. Supp.
24 2016, Section 1353), is amended to read as follows:

25 Section 1353. A. It is hereby declared to be the purpose of
the Oklahoma Sales Tax Code to provide funds for the financing of

1 the program provided for by the Oklahoma Social Security Act and to
2 provide revenues for the support of the functions of the state
3 government of Oklahoma, and for this purpose it is hereby expressly
4 provided that, revenues derived pursuant to the provisions of the
5 Oklahoma Sales Tax Code, subject to the apportionment requirements
6 for the Oklahoma Tax Commission and Office of Management and
7 Enterprise Services Joint Computer Enhancement Fund provided by
8 Section 265 of this title, shall be apportioned as follows:

- 9 1. a. the following amounts shall be paid to the State
10 Treasurer to be placed to the credit of the General
11 Revenue Fund to be paid out pursuant to direct
12 appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%
FY 2005	85.83%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 and each fiscal year thereafter	83.61%

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20 b. in the event that additional monies are necessary
21 pursuant to paragraph 6 of this subsection, such
22 additional monies shall be deducted in the proportion
23 determined by the State Board of Equalization pursuant
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1 to paragraph 3 of Section 2355.1B of this title from
2 the monies apportioned to the General Revenue Fund;

3 2. For FY 2003, FY 2004 and FY 2005, ten and forty-two one-
4 hundredths percent (10.42%), shall be paid to the State Treasurer to
5 be placed to the credit of the Education Reform Revolving Fund of
6 the State Department of Education and for FY 2006 and each fiscal
7 year thereafter, ten and forty-six one-hundredths percent (10.46%)
8 shall be paid to the State Treasurer to be placed to the credit of
9 the Education Reform Revolving Fund of the State Department of
10 Education;

11 3. The following amounts shall be paid to the State Treasurer
12 to be placed to the credit of the Teachers' Retirement System
13 Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

21 4. a. except as otherwise provided in subparagraph b of this
22 paragraph, for the fiscal year beginning July 1, 2015,
23 and for each fiscal year thereafter, eighty-seven one-
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1 hundredths percent (0.87%) shall be paid to the State
2 Treasurer to be further apportioned as follows:

3 (1) thirty-six percent (36%) shall be placed to the
4 credit of the Oklahoma Tourism Promotion
5 Revolving Fund, but in no event shall such
6 apportionment exceed Five Million Dollars
7 (\$5,000,000.00) in any fiscal year, and

8 (2) sixty-four percent (64%) shall be placed to the
9 credit of the Oklahoma Tourism Capital
10 Improvement Revolving Fund, but in no event shall
11 such apportionment exceed Nine Million Dollars
12 (\$9,000,000.00) in any fiscal year, and

13 b. any amounts which exceed the limitations of
14 subparagraph a of this paragraph shall be placed to
15 the credit of the General Revenue Fund;

16 5. For the fiscal year beginning July 1, 2015, and for each
17 fiscal year thereafter, six one-hundredths percent (0.06%) shall be
18 placed to the credit of the Oklahoma Historical Society Capital
19 Improvement and Operations Revolving Fund, but in no event shall
20 such apportionment exceed the total amount apportioned pursuant to
21 this paragraph for the fiscal year ending on June 30, 2015. Any
22 amounts which exceed the limitations of this paragraph shall be
23 placed to the credit of the General Revenue Fund; and
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1 6. During the first fiscal year after the State Board of
2 Equalization has made a determination as provided in Section 2355.1B
3 of this title, regarding a baseline amount of revenue apportioned
4 pursuant to paragraph 3 of this subsection, and for each fiscal year
5 thereafter, in no event shall monies apportioned pursuant to
6 paragraph 3 of this subsection, paragraph 3 of Section 1403 of this
7 title and subparagraph c of paragraph 1 of Section 2352 of this
8 title be less than such baseline amount.

9 B. Provided, for the fiscal year beginning July 1, 2007, and
10 every fiscal year thereafter except as otherwise provided in Section
11 2 of this act, an amount of revenue shall be apportioned to each
12 municipality or county which levies a sales tax subject to the
13 provisions of Section 1357.10 of this title and subsection F of
14 Section 2701 of this title equal to the amount of sales tax revenue
15 of such municipality or county exempted by the provisions of Section
16 1357.10 of this title and subsection F of Section 2701 of this
17 title. The Oklahoma Tax Commission shall promulgate and adopt rules
18 necessary to implement the provisions of this subsection.

19 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1357.10, is
20 amended to read as follows:

21 Section 1357.10. A. ~~The~~ Subject to the limitations of
22 subsection D of this section, the sale of an article of clothing or
23 footwear designed to be worn on or about the human body shall be
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1 exempt from the tax imposed by Section 1354 of Title 68 of the
2 Oklahoma Statutes if:

3 1. The sales price of the article is less than One Hundred
4 Dollars (\$100.00); and

5 2. The sale takes place during a period beginning at 12:01 a.m.
6 on the first Friday in August and ending at 12 midnight on the
7 following Sunday, covering a period of three (3) days.

8 B. Subsection A of this section shall not apply to:

9 1. Any special clothing or footwear that is primarily designed
10 for athletic activity or protective use and that is not normally
11 worn except when used for athletic activity or protective use for
12 which it is designed;

13 2. Accessories, including jewelry, handbags, luggage,
14 umbrellas, wallets, watches, and similar items carried on or about
15 the human body, without regard to whether worn on the body in a
16 manner characteristic of clothing; and

17 3. The rental of clothing or footwear.

18 C. The Oklahoma Tax Commission shall promulgate any necessary
19 rules to implement the provisions of this section.

20 D. The exemption provided by this section shall be suspended
21 for calendar years 2017, 2018 and 2019.

22 SECTION 3. This act shall become effective July 1, 2017.

23 SECTION 4. It being immediately necessary for the preservation
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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