

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1841

By: Osborn (Leslie) of the
House

and

David of the Senate

10 COMMITTEE SUBSTITUTE

11 An Act relating to health care funding; imposing
12 additional tax levy upon cigarettes; specifying
13 amount of additional levy; providing for
14 apportionment of revenues to certain funds; exempting
15 levy from inclusion in determination of certain
16 amounts; requiring certain collections and
17 administration of levy; creating the Health Care
18 Authority Enhancement Fund, the Mental Health and
19 Substance Abuse Services Enhancement Fund, the Human
20 Services Enhancement Fund, the University Hospitals
21 Enhancement Fund, the Oklahoma State University
22 Medical Authority Enhancement Fund, the Health
23 Department Enhancement Fund, and the Health Care
24 Enhancement Fund; exempting funds from fiscal year
limitations; identifying funding source; declaring
funds appropriated; authorizing appropriation from
certain fund; requiring legislative authorization for
budgeting and expenditure; requiring certain
budgeting procedures; prohibiting sale of cigarette
excise tax stamps to wholesalers in excess of certain
amount; providing exception; providing for
codification; providing for noncodification; and
providing an effective date.

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

2 SECTION 1. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 302-7 of Title 68, unless there
4 is created a duplication in numbering, reads as follows:

5 A. In addition to the tax levied in Sections 302, 302-1, 302-2,
6 302-3, 302-4 and 302-5 of Title 68 of the Oklahoma Statutes, there
7 is hereby levied upon the sale, use, gift, possession or consumption
8 of cigarettes, as defined in Sections 301 through 325 of Title 68 of
9 the Oklahoma Statutes, within this state, a tax at the rate of One
10 Dollar and fifty cents (\$1.50) per pack of cigarettes.

11 B. 1. Except as provided in paragraph 2 of this subsection,
12 the revenue resulting from the additional tax levied in subsection A
13 of this section shall be apportioned as provided in paragraph 3 of
14 this subsection.

15 2. The net amount of any revenue resulting from a payment in
16 lieu of excise taxes on cigarettes levied by this section, pursuant
17 to a compact with a federally recognized Indian tribe or nation
18 after deductions for deposits into trust accounts pursuant to such
19 compacts, shall be apportioned as provided in paragraphs 3 and 4 of
20 this subsection.

21 3. For the period beginning September 1, 2017, and ending June
22 30, 2018, the resulting revenues as described by paragraphs 1 and 2
23 of this subsection shall be apportioned by the Oklahoma Tax
24 Commission and transmitted to the State Treasurer, who shall deposit

1 the same in the State Treasury to the credit of the following funds
2 in the following percentages:

- 3 a. forty-five percent (45%) to the credit of the Health
4 Care Authority Enhancement Fund, created in Section 2
5 of this act,
- 6 b. twenty-eight percent (28%) to the credit of the Mental
7 Health and Substance Abuse Services Enhancement Fund,
8 created in Section 3 of this act,
- 9 c. thirteen and five-tenths percent (13.5%) to the credit
10 of the Human Services Enhancement Fund, created in
11 Section 4 of this act,
- 12 d. five and four-tenths percent (5.4%) to the credit of
13 the University Hospitals Enhancement Fund, created in
14 Section 5 of this act,
- 15 e. five and four-tenths percent (5.4%) to the credit of
16 the Oklahoma State University Medical Authority
17 Enhancement Fund, created in Section 6 of this act,
18 and
- 19 f. two and seven-tenths percent (2.7%) to the credit of
20 the Health Department Enhancement Fund, created in
21 Section 7 of this act.

22 4. Beginning July 1, 2018, all resulting revenues as described
23 by paragraphs 1 and 2 of this subsection shall be apportioned by the
24 Oklahoma Tax Commission and transmitted to the State Treasurer, who

1 shall deposit the same in the State Treasury to the credit of the
2 Heath Care Enhancement Fund, created in Section 8 of this act.

3 C. No part of the revenues resulting from the additional taxes
4 levied in this section shall be used in determining the amount of
5 cigarette tax collections to be paid into:

6 1. The State of Oklahoma Building Bonds of 1961 Sinking Fund
7 pursuant to the provisions of Sections 57.31 through 57.43 of Title
8 62 of the Oklahoma Statutes;

9 2. The State of Oklahoma Institutional Building Bonds of 1965
10 Sinking Fund pursuant to the provisions of Sections 57.61 through
11 57.73 of Title 62 of the Oklahoma Statutes;

12 3. The State of Oklahoma Institutional Building Bonds of 1965
13 Sinking Fund Series C and Series D pursuant to the provisions of
14 Sections 57.81 through 57.112 of Title 62 of the Oklahoma Statutes;

15 4. The State of Oklahoma Building Bonds of 1968 Sinking Fund
16 pursuant to the provisions of Sections 57.121 through 57.193 of
17 Title 62 of the Oklahoma Statutes; or

18 5. The Oklahoma Building Bonds of 1992 Sinking Fund pursuant to
19 the provisions of Sections 57.300 through 57.313 of Title 62 of the
20 Oklahoma Statutes.

21 D. The cigarette taxes levied in this section shall be
22 collected and administered as provided by law for other cigarette
23 taxes now levied, collected and administered pursuant to the
24

1 provisions of Sections 301 through 325 of Title 68 of the Oklahoma
2 Statutes.

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 302-7a of Title 68, unless there
5 is created a duplication in numbering, reads as follows:

6 There is hereby created in the State Treasury a fund for the
7 Oklahoma Health Care Authority to be designated the "Health Care
8 Authority Enhancement Fund". The fund shall be a continuing fund,
9 not subject to fiscal year limitations, and shall consist of monies
10 received pursuant to Section 1 of this act and any monies designated
11 to the fund by law. All monies accruing to the credit of the fund
12 are hereby appropriated and may be budgeted and expended by the
13 Oklahoma Health Care Authority as authorized by the Oklahoma
14 Legislature. Expenditures from the fund shall be made upon warrants
15 issued by the State Treasurer against claims filed as prescribed by
16 law with the Director of the Office of Management and Enterprise
17 Services for approval and payment.

18 SECTION 3. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 302-7b of Title 68, unless there
20 is created a duplication in numbering, reads as follows:

21 There is hereby created in the State Treasury a fund for the
22 Department of Mental Health and Substance Abuse Services to be
23 designated the "Mental Health and Substance Abuse Services
24 Enhancement Fund". The fund shall be a continuing fund, not subject

1 to fiscal year limitations, and shall consist of monies received
2 pursuant to Section 1 of this act and any monies designated to the
3 fund by law. All monies accruing to the credit of the fund are
4 hereby appropriated and may be budgeted and expended by the
5 Department of Mental Health and Substance Abuse Services as
6 authorized by the Oklahoma Legislature. Expenditures from the fund
7 shall be made upon warrants issued by the State Treasurer against
8 claims filed as prescribed by law with the Director of the Office of
9 Management and Enterprise Services for approval and payment.

10 SECTION 4. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 302-7c of Title 68, unless there
12 is created a duplication in numbering, reads as follows:

13 There is hereby created in the State Treasury a fund for the
14 Department of Human Services to be designated the "Human Services
15 Enhancement Fund". The fund shall be a continuing fund, not subject
16 to fiscal year limitations, and shall consist of monies received
17 pursuant to Section 1 of this act and any monies designated to the
18 fund by law. All monies accruing to the credit of the fund are
19 hereby appropriated and may be budgeted and expended by the
20 Department of Human Services as authorized by the Oklahoma
21 Legislature. Expenditures from the fund shall be made upon warrants
22 issued by the State Treasurer against claims filed as prescribed by
23 law with the Director of the Office of Management and Enterprise
24 Services for approval and payment.

1 SECTION 5. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 302-7d of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 There is hereby created in the State Treasury a fund for the
5 University Hospitals Authority to be designated the "University
6 Hospitals Enhancement Fund". The fund shall be a continuing fund,
7 not subject to fiscal year limitations, and shall consist of monies
8 received pursuant to Section 1 of this act and any monies designated
9 to the fund by law. All monies accruing to the credit of the fund
10 are hereby appropriated and may be budgeted and expended by the
11 University Hospitals Authority as authorized by the Oklahoma
12 Legislature. Expenditures from the fund shall be made upon warrants
13 issued by the State Treasurer against claims filed as prescribed by
14 law with the Director of the Office of Management and Enterprise
15 Services for approval and payment.

16 SECTION 6. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 302-7e of Title 68, unless there
18 is created a duplication in numbering, reads as follows:

19 There is hereby created in the State Treasury a fund for the
20 Oklahoma State University Medical Authority to be designated the
21 "Oklahoma State University Medical Authority Enhancement Fund". The
22 fund shall be a continuing fund, not subject to fiscal year
23 limitations, and shall consist of monies received pursuant to
24 Section 1 of this act and any monies designated to the fund by law.

1 All monies accruing to the credit of the fund are hereby
2 appropriated and may be budgeted and expended by the Oklahoma State
3 University Medical Authority as authorized by the Oklahoma
4 Legislature. Expenditures from the fund shall be made upon warrants
5 issued by the State Treasurer against claims filed as prescribed by
6 law with the Director of the Office of Management and Enterprise
7 Services for approval and payment.

8 SECTION 7. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 302-7f of Title 68, unless there
10 is created a duplication in numbering, reads as follows:

11 There is hereby created in the State Treasury a fund for the
12 State Department of Health to be designated the "Health Department
13 Enhancement Fund". The fund shall be a continuing fund, not subject
14 to fiscal year limitations, and shall consist of monies received
15 pursuant to Section 1 of this act and any monies designated to the
16 fund by law. All monies accruing to the credit of the fund are
17 hereby appropriated and may be budgeted and expended by the State
18 Department of Health as authorized by the Oklahoma Legislature.
19 Expenditures from the fund shall be made upon warrants issued by the
20 State Treasurer against claims filed as prescribed by law with the
21 Director of the Office of Management and Enterprise Services for
22 approval and payment.

23

24

1 SECTION 8. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 302-7g of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 There is hereby created in the State Treasury a fund to be
5 designated the "Health Care Enhancement Fund". The fund shall be a
6 continuing fund, not subject to fiscal year limitations, and shall
7 consist of monies received pursuant to Section 1 of this act and any
8 monies designated to the fund by law. All monies accruing to the
9 credit of the fund shall be appropriated at the discretion of the
10 Legislature for the purpose of funding activities eligible to be
11 matched with federal Medicaid dollars or mental health safety net
12 services.

13 SECTION 9. NEW LAW A new section of law not to be
14 codified in the Oklahoma Statutes reads as follows:

15 The Oklahoma Tax Commission shall not sell cigarette excise tax
16 stamps to any wholesaler in excess of the amount of the monthly
17 average amount of such excise tax stamps sold to such wholesaler
18 during the preceding calendar year prior to the effective date of
19 Sections 1 and 2 of this act. Provided, the wholesaler may purchase
20 in excess of the monthly average purchased during the preceding
21 calendar year upon documentation, to the Tax Commission's
22 satisfaction, of probable sales greater than the wholesaler's sales
23 in the preceding calendar year.

SECTION 10. This act shall become effective September 1, 2017.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
02/14/2017 - DO PASS, As Amended and Coauthored.