

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 SENATE BILL 1452

By: Schulz

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5  
6 AS INTRODUCED

7 An Act relating to cigarette tax; amending 68 O.S.  
8 2011, Section 302-5, which relates to apportionment  
9 of revenue; limiting certain annual apportionment to  
10 specified funds or entities; providing for  
11 distribution of amounts in excess of limitation;  
12 providing methodology for calculating limitation;  
13 updating statutory references; providing an effective  
14 date; and declaring an emergency.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 302-5, is  
17 amended to read as follows:

18 Section 302-5. A. Effective January 1, 2005, in addition to  
19 the tax levied in Sections 302, 302-1, 302-2, 302-3 and 302-4 of  
20 this title, there is hereby levied upon the sale, use, gift,  
21 possession, or consumption of cigarettes, as defined in Sections 301  
22 through 325 of this title, within this state, a tax at the rate of  
23 forty (40) mills per cigarette.

24 B. Except as provided in subsection D of this section, the  
revenue resulting from the additional tax levied in subsection A of

1 this section shall be apportioned by the Oklahoma Tax Commission and  
2 transmitted to the State Treasurer as follows:

3 1. Twenty-two and six-hundredths percent (22.06%) shall be  
4 placed to the credit of the Health Employee and Economy Improvement  
5 Act Revolving Fund created in Section 1010.1 of Title 56 of the  
6 Oklahoma Statutes, but in no event shall the amount apportioned in  
7 any fiscal year pursuant to this paragraph exceed the limitation  
8 provided in subsection G of this section. Any amounts in excess of  
9 such limitation shall be placed to the credit of the General Revenue  
10 Fund;

11 2. Three and nine-hundredths percent (3.09%) shall be placed to  
12 the credit of the Comprehensive Cancer Center Debt Service Revolving  
13 Fund created in Section 160.1 of Title 62 of the Oklahoma Statutes;

14 3. Before July 1, 2008, seven and fifty-hundredths percent  
15 (7.50%) shall be placed to the credit of the Trauma Care Assistance  
16 Revolving Fund created in Section 1-2530.9 of Title 63 of the  
17 Oklahoma Statutes. On and after July 1, 2008, seven and fifty-  
18 hundredths percent (7.50%) shall be allocated as follows:

- 19 a. every month, an amount equal to the actual amount  
20 placed to the credit of the Trauma Care Assistance  
21 Revolving Fund pursuant to this paragraph for the same  
22 month of the 2008 fiscal year shall be credited to the  
23 Trauma Care Assistance Revolving Fund,  
24

- b. every month, any amount over and above the amount placed to the credit of the Trauma Care Assistance Revolving Fund pursuant to subparagraph a of this paragraph shall be credited to the Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund as created in Section ~~8 of this act~~ 1-2512.1 of Title 63 of the Oklahoma Statutes until the combined amount credited to the Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund pursuant to this section and Section 402-3 of this title is equal to a total of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) each year, and
- c. any additional revenue allocated pursuant to this paragraph shall be placed to the credit of the Trauma Care Assistance Revolving Fund;

4. Three and nine-hundredths percent (3.09%) shall be placed to the credit of the Oklahoma State University College of Osteopathic Medicine Revolving Fund created in Section 160.2 of Title 62 of the Oklahoma Statutes;

5. Twenty-six and thirty-eight-hundredths percent (26.38%) shall be placed to the credit of the Oklahoma Health Care Authority Medicaid Program Fund created in Section 5020 of Title 63 of the Oklahoma Statutes for the purposes of maintaining programs and

1 services funded under the federal "Jobs and Growth Tax Relief  
2 Reconciliation Act of 2003", reimbursing city/county-owned  
3 hospitals, increasing emergency room physician rates, and providing  
4 TEFRA 134, also known as "Katie Beckett" services, but in no event  
5 shall the amount apportioned in any fiscal year pursuant to this  
6 paragraph exceed the limitation provided in subsection G of this  
7 section. Any amounts in excess of such limitation shall be placed  
8 to the credit of the General Revenue Fund;

9       6. Two and sixty-five-hundredths percent (2.65%) shall be  
10 placed to the credit of the Department of Mental Health and  
11 Substance Abuse Services Revolving Fund created in Section 2-303 of  
12 Title 43A of the Oklahoma Statutes, but in no event shall the amount  
13 apportioned in any fiscal year pursuant to this paragraph exceed the  
14 limitation provided in subsection G of this section. Any amounts in  
15 excess of such limitation shall be placed to the credit of the  
16 General Revenue Fund;

17       7. Forty-four-hundredths of one percent (0.44%) shall be placed  
18 to the credit of the Belle Maxine Hilliard Breast and Cervical  
19 Cancer Treatment Revolving Fund created in Section 1-559 of Title 63  
20 of the Oklahoma Statutes;

21       8. One percent (1%) shall be placed to the credit of the  
22 Teachers' Retirement System Revolving Fund created in Section 158 of  
23 Title 62 of the Oklahoma Statutes;

1        9. Two and seven-hundredths percent (2.07%) shall be placed to  
2 the credit of the Education Reform Revolving Fund created in Section  
3 41.29b of Title 62 of the Oklahoma Statutes;

4        10. Sixty-six-hundredths percent (0.66%) shall be placed to the  
5 credit of the Tobacco Prevention and Cessation Revolving Fund  
6 created in Section 1-105d of Title 63 of the Oklahoma Statutes;

7        11. Sixteen and eighty-three-hundredths percent (16.83%) shall  
8 be placed to the credit of the General Revenue Fund; and

9        12. For fiscal years beginning July 1, 2004, and ending June  
10 30, 2006, fourteen and twenty-three-hundredths percent (14.23%)  
11 shall be apportioned to municipalities and counties that levy a  
12 sales tax, in the proportions which total municipal and county sales  
13 tax revenue was apportioned by the Tax Commission in the preceding  
14 month.

15        For fiscal years beginning July 1, 2006, and thereafter, the  
16 apportionment percentage specified in paragraph 12 of this  
17 subsection will be adjusted by dividing the total municipal and  
18 county sales tax revenue collected in the calendar year immediately  
19 preceding the commencement of the fiscal year by the sum of the  
20 state sales tax revenue and total municipal and county sales tax  
21 revenue collected in the same year. This ratio shall be divided by  
22 the ratio of the total municipal and county sales tax revenue  
23 collected in the calendar year beginning January 1, 2004, and ending  
24 December 31, 2004, divided by the sum of the state sales tax revenue

1 and total municipal and county sales tax revenue collected in the  
2 same year. The resulting quotient shall be multiplied by fourteen  
3 and twenty-three-hundredths percent (14.23%) to determine the  
4 apportionment percentage for the fiscal year.

5 For fiscal years beginning July 1, 2006, and thereafter, any  
6 adjustment to the percentage of revenues apportioned to  
7 municipalities and counties shall be reflected in the percent of  
8 revenues apportioned to the General Revenue Fund.

9 C. The tax shall be evidenced by tax stamps as now provided  
10 for; however, as to cigarette packages of less than ten cigarettes  
11 for free distribution as samples, the tax herein levied shall be  
12 computed and paid as provided for other cigarette taxes without  
13 affixing stamps on each such package.

14 D. The net amount of any revenue resulting from a payment in  
15 lieu of excise taxes on cigarettes levied by this section, pursuant  
16 to a compact with a federally recognized Indian tribe or nation  
17 after deductions for deposits into trust accounts pursuant to such  
18 compacts, shall be apportioned by the Tax Commission and transmitted  
19 to the State Treasurer as follows:

20 1. Thirty-three and forty-nine-hundredths percent (33.49%)  
21 shall be placed to the credit of the Health Employee and Economy  
22 Improvement Act Revolving Fund created in Section 1010.1 of Title 56  
23 of the Oklahoma Statutes, but in no event shall the amount  
24 apportioned in any fiscal year pursuant to this paragraph exceed the

1 limitation provided in subsection G of this section. Any amounts in  
2 excess of such limitation shall be placed to the credit of the  
3 General Revenue Fund;

4 2. Four and sixty-nine-hundredths percent (4.69%) shall be  
5 placed to the credit of the Comprehensive Cancer Center Debt Service  
6 Revolving Fund created in Section 160.1 of Title 62 of the Oklahoma  
7 Statutes;

8 3. Before July 1, 2008, eleven and thirty-nine-hundredths  
9 percent (11.39%) shall be placed to the credit of the Trauma Care  
10 Assistance Revolving Fund created in Section 1-2522 of Title 63 of  
11 the Oklahoma Statutes. On and after July 1, 2008, eleven and  
12 thirty-nine-hundredths percent (11.39%) shall be allocated as  
13 follows:

14 a. every month, an amount equal to the actual amount  
15 placed to the credit of the Trauma Care Assistance  
16 Revolving Fund pursuant to this paragraph for the same  
17 month of the 2008 fiscal year shall be credited to the  
18 Trauma Care Assistance Revolving Fund,

19 b. every month, any amount over and above the amount  
20 placed to the credit of the Trauma Care Assistance  
21 Revolving Fund pursuant to subparagraph a of this  
22 paragraph shall be credited to the Oklahoma Emergency  
23 Response Systems Stabilization and Improvement  
24 Revolving Fund as created in Section ~~8 of this act~~ 1-

1           2512.1 of Title 63 of the Oklahoma Statutes until the  
2           combined amount credited to the Oklahoma Emergency  
3           Response Systems Stabilization and Improvement  
4           Revolving Fund pursuant to this section and Section  
5           402-3 of this title is equal to a total of Two Million  
6           Five Hundred Thousand Dollars (\$2,500,000.00) each  
7           year, and

8           c.   any additional revenue allocated pursuant to this  
9           paragraph shall be placed to the credit of the Trauma  
10          Care Assistance Revolving Fund;

11          4.   Four and sixty-nine-hundredths percent (4.69%) shall be  
12          placed to the credit of the Oklahoma State University College of  
13          Osteopathic Medicine Revolving Fund created in Section 160.2 of  
14          Title 62 of the Oklahoma Statutes;

15          5.   Forty and six-hundredths percent (40.06%) shall be placed to  
16          the credit of the Oklahoma Health Care Authority Medicaid Program  
17          Fund created in Section 5020 of Title 63 of the Oklahoma Statutes  
18          for the purposes of maintaining programs and services funded under  
19          the federal "Jobs and Growth Tax Relief Reconciliation Act of 2003",  
20          reimbursing city/county-owned hospitals, increasing emergency room  
21          physician rates, and providing TEFRA 134, also known as "Katie  
22          Beckett" services, but in no event shall the amount apportioned in  
23          any fiscal year pursuant to this paragraph exceed the limitation  
24          provided in subsection G of this section. Any amounts in excess of



1 such limitation shall be placed to the credit of the General Revenue  
2 Fund;

3       6. Four and one-hundredths percent (4.01%) shall be placed to  
4 the credit of the Department of Mental Health and Substance Abuse  
5 Services Revolving Fund created in Section 2-303 of Title 43A of the  
6 Oklahoma Statutes, but in no event shall the amount apportioned in  
7 any fiscal year pursuant to this paragraph exceed the limitation  
8 provided in subsection G of this section. Any amounts in excess of  
9 such limitation shall be placed to the credit of the General Revenue  
10 Fund;

11       7. Sixty-seven-hundredths percent (0.67%) shall be placed to  
12 the credit of the Belle Maxine Hilliard Breast and Cervical Cancer  
13 Treatment Revolving Fund created in Section 1-559 of Title 63 of the  
14 Oklahoma Statutes; and

15       8. One percent (1%) shall be placed to the credit of the  
16 Tobacco Prevention and Cessation Revolving Fund created in Section  
17 1-105d of Title 63 of the Oklahoma Statutes.

18       E. No part of the revenues resulting from the additional taxes  
19 levied in this section shall be used in determining the amount of  
20 cigarette tax collections to be paid into:

21       1. The State of Oklahoma Building Bonds of 1961 Sinking Fund  
22 pursuant to the provisions of Sections 57.31 through 57.43 of Title  
23 62 of the Oklahoma Statutes;

1        2. The State of Oklahoma Institutional Building Bonds of 1965  
2 Sinking Fund pursuant to the provisions of Sections 57.61 through  
3 57.73 of Title 62 of the Oklahoma Statutes;

4        3. The State of Oklahoma Institutional Building Bonds of 1965  
5 Sinking Fund Series C and Series D pursuant to Sections 57.81  
6 through 57.112 of Title 62 of the Oklahoma Statutes;

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

10       5. The Oklahoma Building Bonds of 1992 Sinking Fund pursuant to  
11 the provisions of Sections 57.300 through 57.313 of Title 62 of the  
12 Oklahoma Statutes.

13       F. The cigarette taxes levied in this section shall be  
14 collected and administered in all respects not inconsistent with as  
15 now or hereafter provided for by law for other cigarette taxes now  
16 levied, collected, and administered pursuant to the provisions of  
17 Sections 301 through 325 of this title.

18       G. The amounts apportioned annually pursuant to paragraphs 1, 5  
19 and 6 of subsections B and D of this section shall be limited to the  
20 three-year average of the amounts apportioned for fiscal years 2015,  
21 2016 and 2017.

22       SECTION 2. This act shall become effective July 1, 2018.

23       SECTION 3. 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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