

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 2294

By: Osborn (Leslie)

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2701, which relates to municipal
9 taxation; modifying reference; and providing an
10 effective date.

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

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2701, is
14 amended to read as follows:

15 Section 2701. A. Any incorporated city or town in this state
16 is hereby authorized to assess, levy, and collect taxes for general
17 and special purposes of municipal government as the Legislature may
18 levy and collect for purposes of state government, subject to the
19 provisions of subsection F of this section, except ad valorem
20 property taxes. Provided:

21 1. Taxes shall be uniform upon the same class subjects, and any
22 tax, charge, or fee levied upon or measured by income or receipts
23 from the sale of products or services shall be uniform upon all
24 classes of taxpayers;

1 2. Motor vehicles may be taxed by the city or town only when
2 such vehicles are primarily used or located in such city or town for
3 a period of time longer than six (6) months of a taxable year;

4 3. The provisions of this section shall not be construed to
5 authorize imposition of any tax upon persons, firms, or corporations
6 exempted from other taxation under the provisions of Sections 348.1,
7 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
8 payment of taxes imposed under such sections;

9 4. Cooperatives and communications companies are hereby
10 authorized to pass on to their subscribers in the incorporated city
11 or town involved, the amount of any special municipal fee, charge or
12 tax hereafter assessed or levied on or collected from such
13 cooperatives or communications companies;

14 5. No earnings, payroll or income taxes may be levied on
15 nonresidents of the cities or towns levying such tax;

16 6. The governing body of any city or town shall be prohibited
17 from proposing taxing ordinances more often than three times in any
18 calendar year, or twice in any six-month period; and

19 7. Any revenues derived from a tax authorized by this
20 subsection not dedicated to a limited purpose shall be deposited in
21 the municipal general fund.

22 B. A sales tax authorized in subsection A of this section may
23 be levied for limited purposes specified in the ordinance levying
24 the tax. Such ordinance shall be submitted to the voters for

1 approval as provided in Section 2705 of this title. Any sales tax
2 levied or any change in the rate of a sales tax levied pursuant to
3 the provisions of this section shall become effective on the first
4 day of the calendar quarter following approval by the voters of the
5 city or town unless another effective date, which shall also be on
6 the first day of a calendar quarter, is specified in the ordinance
7 levying the sales tax or changing the rate of sales tax. Such
8 ordinance shall describe with specificity the projects or
9 expenditures for which the limited-purpose tax levy would be made.
10 The municipal governing body shall create a limited-purpose fund and
11 deposit therein any revenue generated by any tax levied pursuant to
12 this subsection. Money in the fund shall be accumulated from year
13 to year. The fund shall be placed in an insured interest-bearing
14 account and the interest which accrues on the fund shall be retained
15 in the fund. The fund shall be nonfiscal and shall not be
16 considered in computing any levy when the municipality makes its
17 estimate to the excise board for needed appropriations. Money in
18 the limited-purpose tax fund shall be expended only as accumulated
19 and only for the purposes specifically described in the taxing
20 ordinance as approved by the voters.

21 C. The Oklahoma Tax Commission shall give notice to all vendors
22 of a rate change at least sixty (60) days prior to the effective
23 date of the rate change. Provided, for purchases from printed
24 catalogs wherein the purchaser computed the tax based upon local tax

1 rates published in the catalog, the rate change shall not be
2 effective until the first day of a calendar quarter after a minimum
3 of one hundred twenty (120) days' notice to vendors. Failure to
4 give notice as required by this section shall delay the effective
5 date of the rate change to the first day of the next calendar
6 quarter.

7 D. The change in the boundary of a municipality shall be
8 effective, for sales and use tax purposes only, on the first day of
9 a calendar quarter after a minimum of sixty (60) days' notice to
10 vendors.

11 E. If the proceeds of any sales tax levied by a municipality
12 pursuant to subsection B of this section are being used by the
13 municipality for the purpose of retiring indebtedness incurred by
14 the municipality or by a public trust of which the municipality is a
15 beneficiary for the specific purpose for which the sales tax was
16 imposed, the sales tax shall not be repealed until such time as the
17 indebtedness is retired. However, in no event shall the life of the
18 tax be extended beyond the duration approved by the voters of the
19 municipality. The provisions of this subsection shall apply to all
20 sales tax levies imposed by a municipality and being used by the
21 municipality for the purposes set forth in this subsection prior to
22 or after July 1, 1995.

23 F. The sale of an article of clothing or footwear designed to
24 be worn on or about the human body shall be exempt from the sales

1 tax imposed by any incorporated city or town, in accordance with and
2 to the extent set forth in Section 3 of this act.

3 SECTION 2. This act shall become effective November 1, 2017.

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