

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

HOUSE BILL 3048

By: Caldwell (Trey)

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2352, as last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp. 2019, Section 2352), which relates to apportionment of income tax revenues; modifying apportionment to the General Revenue Fund; modifying apportionment to the Ad Valorem Reimbursement Fund; amending 62 O.S. 2011, Section 193, as amended by Section 457, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2019, Section 193), which relates to the Ad Valorem Reimbursement Fund; providing for reimbursement to certain counties for revenue loss resulting from exemptions authorized by Section 8E and 8F of the Oklahoma Constitution; limiting eligible counties based on number of exempt properties and population; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2352, as last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp. 2019, Section 2352), is amended to read as follows:

Section 2352. It is hereby declared to be the purpose of Section 2351 et seq. of this title to provide revenue for general governmental functions of state government; and, for that purpose and to that end, it is expressly declared that the revenue derived

1 herefrom and penalties and interest thereon, subject to the  
2 apportionment requirements for the Rebuilding Oklahoma Access and  
3 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail  
4 Revolving Fund and the Public Transit Revolving Fund to be derived  
5 from income tax revenue that would otherwise be apportioned to the  
6 General Revenue Fund as provided by Section 1521 of Title 69 of the  
7 Oklahoma Statutes, subject to the apportionment requirements for the  
8 Oklahoma Tax Commission and Office of Management and Enterprise  
9 Services Joint Computer Enhancement Fund provided by Section 265 of  
10 this title, and subject to the apportionment requirements for the  
11 Oklahoma State Capitol Building Repair and Restoration Fund provided  
12 by Section 19 of Title 73 of the Oklahoma Statutes, shall be  
13 distributed as follows:

14 1. For the fiscal year beginning July 1, 2002, the first Five  
15 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue  
16 derived pursuant to the provisions of subsections A, B and E of  
17 Section 2355 of this title shall be apportioned to the Education  
18 Reform Revolving Fund. The remainder of such revenue for the fiscal  
19 year beginning July 1, 2002, and all such revenue for each fiscal  
20 year thereafter shall be apportioned monthly as follows:

21 a. (1) the following amounts shall be paid to the State  
22 Treasurer to be placed to the credit of the  
23 General Revenue Fund of the state for such fiscal  
24 year for the support of the state government to

be paid out only pursuant to appropriation by the  
Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 and each fiscal year thereafter	<del>85.66%</del> <u>82.95%</u>

(2) in the event that additional monies are necessary pursuant to paragraph 3 of this section, such additional monies shall be deducted in the proportion determined by the State Board of Equalization pursuant to paragraph 3 of Section 2355.1B of this title from the monies apportioned to the General Revenue Fund,

b. for FY 2003 and each fiscal year thereafter, eight and thirty-four one-hundredths percent (8.34%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund,

c. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
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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%

d. for FY ~~2003~~ 2021 and each fiscal year thereafter, ~~one~~  
~~percent (1%)~~ three and seventy-one one-hundredths  
percent (3.71%) shall be placed to the credit of the  
Ad Valorem Reimbursement Fund;

2. Beginning July 1, 2003, for any period of time as certified  
by the Oklahoma Development Finance Authority and the Oklahoma  
Department of Commerce to be necessary for the repayment of  
obligations issued by the Oklahoma Development Finance Authority  
pursuant to Section 3654 of this title if the other sources of  
revenue paid to or apportioned to the Quality Jobs Program Incentive  
Leverage Fund are not adequate, including the proceeds from payment  
pursuant to the guaranty required by subsection M of Section 3654 of  
this title, an amount certified by the Oklahoma Development Finance  
Authority to the Oklahoma Tax Commission shall be apportioned to the  
Quality Jobs Program Incentive Leverage Fund before any other  
apportionments are made as otherwise authorized by this paragraph.  
The Oklahoma Development Finance Authority shall certify to the  
Oklahoma Tax Commission the time as of which the revenue authorized

1 for apportionment pursuant to this paragraph is no longer required.  
2 After the certification, the revenue derived from the income tax  
3 shall be apportioned in the manner otherwise provided by this  
4 section. Except as otherwise provided by this paragraph, for the  
5 fiscal year beginning July 1, 2002, the first Forty-One Million One  
6 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of  
7 revenue derived pursuant to the provisions of subsections D and E of  
8 Section 2355 of this title shall be apportioned to the Education  
9 Reform Revolving Fund. The remainder of such revenue for the fiscal  
10 year beginning July 1, 2002, and all such revenue for each fiscal  
11 year thereafter, subject to the apportionment requirements for the  
12 Oklahoma Tax Commission and Office of Management and Enterprise  
13 Services Joint Computer Enhancement Fund provided by Section 265 of  
14 this title, shall be apportioned monthly as follows:

15           a. the following amounts shall be paid to the State  
16           Treasurer to be placed to the credit of the General  
17           Revenue Fund of the state for such fiscal year for the  
18           support of the state government to be paid out only  
19           pursuant to appropriation by the Legislature:

20	Fiscal Year	Amount
21	FY 2003 and FY 2004	78.96%
22	FY 2005	78.75%
23	FY 2006	78.50%
24	FY 2007	78.0%

(1) FY 2018 and each fiscal year thereafter until the apportionment to the General Revenue Fund equals the moving five-year average amount for corporate income tax as prescribed by paragraph 4 of this section ~~77.50%~~ 74.79%

(2) there shall be apportioned from the tax levy imposed on corporate income tax to the Revenue Stabilization Fund created by Section 1 of this act, or to the Constitutional Reserve Fund, as provided by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount as defined pursuant to paragraph 4 of this section,

b. for FY 2003 and each fiscal year thereafter, sixteen and five-tenths percent (16.5%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education,

c. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
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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%

d. for FY ~~2003~~ 2021 and each fiscal year thereafter, ~~one percent (1%)~~ three and seventy-one one-hundredths percent (3.71%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

3. During the first fiscal year after the State Board of Equalization has made a determination as provided in Section 2355.1B of this title, regarding a baseline amount of revenue apportioned pursuant to subparagraph c of paragraph 1 of this section, and for each fiscal year thereafter, in no event shall monies apportioned pursuant to subparagraph c of paragraph 1 of this section, paragraph 3 of Section 1353 of this title and paragraph 3 of Section 1403 of this title be less than such baseline amount; and

4. "Moving five-year average for corporate income tax" means, for purposes of the apportionments prescribed by this section, the amount of income tax on corporations, as determined by the State Board of Equalization in the manner prescribed by Section 2 of this act.

1       SECTION 2.       AMENDATORY       62 O.S. 2011, Section 193, as  
2 amended by Section 457, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
3 2019, Section 193), is amended to read as follows:

4       Section 193. A. There is hereby created in the State Treasury  
5 a revolving fund for the Oklahoma Tax Commission to be designated  
6 the "Ad Valorem Reimbursement Fund". The fund shall be a continuing  
7 fund, not subject to fiscal year limitations. Monies apportioned to  
8 this fund shall be expended:

9       1. To reimburse counties of this state for loss of revenue due  
10 to exemptions of ad valorem taxes for new or expanded manufacturing  
11 or research and development facilities;

12       2. To reimburse counties of this state for loss of revenue for  
13 school district and county purposes due to exemptions granted  
14 pursuant to the provisions of Section 2890 of Title 68 of the  
15 Oklahoma Statutes; ~~and~~

16       3. To reimburse counties of this state for loss of revenue due  
17 to decreased valuation and assessment for buffer strips pursuant to  
18 Section 2817.2 of Title 68 of the Oklahoma Statutes; and

19       4. To reimburse eligible counties of this state for loss of  
20 revenue due to the exemptions authorized by Sections 8E and 8F of  
21 Article X of the Oklahoma Constitution.

22       Provided that it shall be the duty of the Tax Commission to  
23 assess the valuation of all property for new or expanded  
24



1 manufacturing or research and development facilities which are  
2 exempt from ad valorem taxes.

3 Monies apportioned to this fund also may be transferred to other  
4 state funds or otherwise expended as directed by the Legislature by  
5 law.

6 B. The county commissioners of each county seeking  
7 reimbursement for lost revenue from the Ad Valorem Reimbursement  
8 Fund shall make claims for reimbursement on forms prescribed by the  
9 Tax Commission prior to April 30 of each year. Claims for  
10 reimbursement for loss of revenue due to exemptions of ad valorem  
11 taxes for new or expanded manufacturing or research and development  
12 facilities shall be made separately from claims for reimbursement  
13 for loss of revenue for school district and county purposes due to  
14 exemptions granted pursuant to the provisions of Section 2890 of  
15 Title 68 of the Oklahoma Statutes and separately from claims for  
16 reimbursement for loss of revenue for decreased valuation and  
17 assessment of buffer strips and from claims for loss of revenue due  
18 to the provisions of Sections 8E and 8F of Article X of the Oklahoma  
19 Constitution submitted by counties in which the number of the  
20 exemptions is greater than eight-tenths percent (0.8%) of the county  
21 population according to the federal Decennial Census or most recent  
22 population estimate. Provided, the assessed valuation of a school  
23 district as stated in the claim for reimbursement shall be the same  
24 as reported to the State Department of Education on the Estimate of

1 Need and shall include the total valuation of property exempt from  
2 taxation pursuant to Section 2902 of Title 68 of the Oklahoma  
3 Statutes. The claims shall be either approved or disapproved in  
4 whole or in part by the Tax Commission by June 15 of each year. A  
5 claim for reimbursement for loss of revenue due to an exemption of  
6 ad valorem taxes for a new or expanded manufacturing or research and  
7 development facility shall be disapproved if a county or school  
8 district has received any payment in lieu of ad valorem taxes from  
9 such facility, to the extent of the amount of such reimbursement.  
10 If the Tax Commission determines that an exemption has been  
11 erroneously or unlawfully granted, it shall notify the appropriate  
12 county assessor who shall immediately value and assess the property  
13 and place it on the rolls for ad valorem taxation. Disbursements  
14 from the fund shall be made on warrants issued by the State  
15 Treasurer against claims filed by the Tax Commission with the Office  
16 of Management and Enterprise Services for payment. Such  
17 disbursements shall be exempt from all agency expenditure ceilings.  
18 The county treasurer shall apportion or disburse such funds for  
19 expenditures in the same manner as other ad valorem tax collections.

20 C. In the event monies apportioned to the Ad Valorem  
21 Reimbursement Fund are insufficient to pay all claims for  
22 reimbursement made pursuant to subsection B of this section, claims  
23 for reimbursement for loss of revenue due to exemptions of ad  
24 valorem taxes for new or expanded manufacturing or research and

1 development facilities shall be paid first, and any remaining funds  
2 shall be distributed proportionally among the counties making claims  
3 for reimbursement for loss of revenue for school district and county  
4 purposes due to exemptions granted pursuant to the provisions of  
5 Section 2890 of Title 68 of the Oklahoma Statutes, according to the  
6 amount of the claim made by each county. If any funds remain after  
7 paying all claims for reimbursement for loss of revenue due to  
8 exemptions of ad valorem taxation for new or expanded manufacturing  
9 or research and development facilities and for reimbursement for  
10 loss of revenue for school district and county purposes due to  
11 exemptions granted pursuant to the provisions of Section 2890 of  
12 Title 68 of the Oklahoma Statutes, the remaining funds shall be  
13 distributed proportionally among the counties making claims for  
14 reimbursement for loss of revenue for decreased valuation and  
15 assessment for buffer strips pursuant to Section 2817.2 of Title 68  
16 of the Oklahoma Statutes.

17 SECTION 3. This act shall become effective July 1, 2020.

18 SECTION 4. It being immediately necessary for the preservation  
19 of the public peace, health or safety, an emergency is hereby  
20 declared to exist, by reason whereof this act shall take effect and  
21 be in full force from and after its passage and approval.  
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