

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2894

By: Wallace and Hilbert of the
House

and

Thompson and Hall of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 1353, as last amended by Section 1, Chapter 15, O.S.L. 2020 (68 O.S. Supp. 2020, Section 1353), which relates to apportionment of sales tax collections; increasing certain apportionments for certain fiscal years; decreasing certain apportionments for certain fiscal years; amending 68 O.S. 2011, Section 1403, as last amended by Section 2, Chapter 15, O.S.L. 2020 (68 O.S. Supp. 2020, Section 1403), which relates to the apportionment of use tax collections; increasing certain apportionments for certain fiscal years; decreasing certain apportionments for certain fiscal years; amending 68 O.S. 2011, Section 2352, as last amended by Section 3, Chapter 15, O.S.L. 2020 (68 O.S. Supp. 2020, Section 2352), which relates to apportionment of income tax collections; increasing certain apportionments for certain fiscal years; decreasing certain apportionments for certain fiscal years; providing an effective date; and declaring an emergency.

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

1 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1353, as
2 last amended by Section 1, Chapter 15, O.S.L. 2020 (68 O.S. Supp.
3 2020, Section 1353), is amended to read as follows:

4 Section 1353. A. It is hereby declared to be the purpose of
5 the Oklahoma Sales Tax Code to provide funds for the financing of
6 the program provided for by the Oklahoma Social Security Act and to
7 provide revenues for the support of the functions of the state
8 government of Oklahoma, and for this purpose it is hereby expressly
9 provided that, revenues derived pursuant to the provisions of the
10 Oklahoma Sales Tax Code, subject to the apportionment requirements
11 for the Oklahoma Tax Commission and Office of Management and
12 Enterprise Services Joint Computer Enhancement Fund provided by
13 Section 265 of this title, shall be apportioned as follows:

14 1. Except as provided in subsection C of this section, the
15 following amounts shall be paid to the State Treasurer to be placed
16 to the credit of the General Revenue Fund to be paid out pursuant to
17 direct 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 through FY 2022	83.61%
FY 2023 through FY 2027	83.11% <u>83.36%</u>

FY 2028 and each fiscal year thereafter 83.61%;

2. The following amounts 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:

a. for FY 2003, FY 2004 and FY 2005, ten and forty-two one-hundredths percent (10.42%),

b. for FY 2006 through FY 2020, ten and forty-six one-hundredths percent (10.46%),

c. for FY 2021:

(1) for the month beginning July 1, 2020, through the month ending August 31, 2020, ten and forty-six one-hundredths percent (10.46%), and

(2) for the month beginning September 1, 2020, through the month ending June 30, 2021, eleven and ninety-six one-hundredths percent (11.96%),
and

d. for FY 2022, ~~eleven and seventy-one one-hundredths percent (11.71%), and~~

~~e. for FY 2023 and each fiscal year thereafter, ten and forty-six one-hundredths percent (10.46%);~~

3. 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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1	FY 2003 and FY 2004	3.54%
2	FY 2005	3.75%
3	FY 2006	4.0%
4	FY 2007	4.5%
5	FY 2008 through FY 2020	5.0%
6	FY 2021:	
7	a. for the month beginning July	
8	1, 2020, through the month	
9	ending August 31, 2020	5.0%
10	b. for the month beginning	
11	September 1, 2020, through	
12	the month ending June 30,	
13	2021	3.5%
14	FY 2022	3.75% <u>5.0%</u>
15	FY 2023 through FY 2027	5.5% <u>5.25%</u>
16	FY 2028 and each fiscal year thereafter	5.0%
17	4. a. except as otherwise provided in subparagraph b of this	
18	paragraph, for the fiscal year beginning July 1, 2015,	
19	and for each fiscal year thereafter, eighty-seven one-	
20	hundredths percent (0.87%) shall be paid to the State	
21	Treasurer to be further apportioned as follows:	
22	(1) thirty-six percent (36%) shall be placed to the	
23	credit of the Oklahoma Tourism Promotion	
24	Revolving Fund, but in no event shall such	

1 apportionment exceed Five Million Dollars
2 (\$5,000,000.00) in any fiscal year, and

3 (2) sixty-four percent (64%) shall be placed to the
4 credit of the Oklahoma Tourism Capital
5 Improvement Revolving Fund, but in no event shall
6 such apportionment exceed Nine Million Dollars
7 (\$9,000,000.00) in any fiscal year, and

8 b. any amounts which exceed the limitations of
9 subparagraph a of this paragraph shall be placed to
10 the credit of the General Revenue Fund; and

11 5. For the fiscal year beginning July 1, 2015, and for each
12 fiscal year thereafter, six one-hundredths percent (0.06%) shall be
13 placed to the credit of the Oklahoma Historical Society Capital
14 Improvement and Operations Revolving Fund, but in no event shall
15 such apportionment exceed the total amount apportioned pursuant to
16 this paragraph for the fiscal year ending on June 30, 2015. Any
17 amounts which exceed the limitations of this paragraph shall be
18 placed to the credit of the General Revenue Fund.

19 B. Provided, for the fiscal year beginning July 1, 2007, and
20 every fiscal year thereafter, an amount of revenue shall be
21 apportioned to each municipality or county which levies a sales tax
22 subject to the provisions of Section 1357.10 of this title and
23 subsection F of Section 2701 of this title equal to the amount of
24 sales tax revenue of such municipality or county exempted by the

1 provisions of Section 1357.10 of this title and subsection F of
2 Section 2701 of this title. The Oklahoma Tax Commission shall
3 promulgate and adopt rules necessary to implement the provisions of
4 this subsection.

5 C. From the monies that would otherwise be apportioned to the
6 General Revenue Fund pursuant to subsection A of this section, there
7 shall be apportioned the following amounts:

8 1. For the month ending August 31, 2019:

9 a. Nine Million Six Hundred Thousand Dollars
10 (\$9,600,000.00) to the credit of the State Highway
11 Construction and Maintenance Fund created in Section
12 1501 of Title 69 of the Oklahoma Statutes, and

13 b. Two Million Dollars (\$2,000,000.00) to the credit of
14 the Oklahoma Railroad Maintenance Revolving Fund
15 created in Section 309 of Title 66 of the Oklahoma
16 Statutes;

17 2. For the month ending September 30, 2019:

18 a. Twenty Million Dollars (\$20,000,000.00) to the credit
19 of the State Highway Construction and Maintenance Fund
20 created in Section 1501 of Title 69 of the Oklahoma
21 Statutes, and

22 b. Two Million Dollars (\$2,000,000.00) to the credit of
23 the Oklahoma Railroad Maintenance Revolving Fund
24

1 created in Section 309 of Title 66 of the Oklahoma
2 Statutes;

3 3. For the month ending October 31, 2019:

4 a. Twenty Million Dollars (\$20,000,000.00) to the credit
5 of the State Highway Construction and Maintenance Fund
6 created in Section 1501 of Title 69 of the Oklahoma
7 Statutes, and

8 b. Two Million Dollars (\$2,000,000.00) to the credit of
9 the Oklahoma Railroad Maintenance Revolving Fund
10 created in Section 309 of Title 66 of the Oklahoma
11 Statutes;

12 4. For the month ending November 30, 2019:

13 a. Twenty Million Dollars (\$20,000,000.00) to the credit
14 of the State Highway Construction and Maintenance Fund
15 created in Section 1501 of Title 69 of the Oklahoma
16 Statutes, and

17 b. Two Million Dollars (\$2,000,000.00) to the credit of
18 the Oklahoma Railroad Maintenance Revolving Fund
19 created in Section 309 of Title 66 of the Oklahoma
20 Statutes; and

21 5. For the month ending December 31, 2019:

22 a. Twenty Million Dollars (\$20,000,000.00) to the credit
23 of the State Highway Construction and Maintenance Fund
24

1 created in Section 1501 of Title 69 of the Oklahoma
2 Statutes, and

3 b. Two Million Dollars (\$2,000,000.00) to the credit of
4 the Oklahoma Railroad Maintenance Revolving Fund
5 created in Section 309 of Title 66 of the Oklahoma
6 Statutes.

7 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1403, as
8 last amended by Section 2, Chapter 15, O.S.L. 2020 (68 O.S. Supp.
9 2020, Section 1403), is amended to read as follows:

10 Section 1403. A. It is hereby declared to be the purpose of
11 Section 1401 et seq. of this title to provide for the support of the
12 functions of the state and local government of Oklahoma; and for
13 this purpose and to this end, it is hereby expressly provided that
14 the revenues derived hereunder, subject to the apportionment
15 provided in subsection B of this section and to the apportionment
16 requirements for the Oklahoma Tax Commission and Office of
17 Management and Enterprise Services Joint Computer Enhancement Fund
18 provided by Section 265 of this title, are hereby apportioned as
19 follows:

20 1. The following amounts shall be paid by the Tax Commission to
21 the State Treasurer and placed to the credit of the General Revenue
22 Fund to be paid out pursuant to direct appropriation by the
23 Legislature:

24 Fiscal Year	Amount
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FY 2004	85.35%
FY 2005	85.14%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 through FY 2022	83.61%
FY 2023 through FY 2027	83.11% <u>83.36%</u>
FY 2028 and each fiscal year thereafter	83.61%;

2. The following amounts 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:

- a. for FY 2020, ten and forty-six one-hundredths percent (10.46%),
- b. for FY 2021:
 - (1) for the month beginning July 1, 2020, through the month ending August 31, 2020, ten and forty-six one-hundredths percent (10.46%), and
 - (2) for the month beginning September 1, 2020, through the month ending June 30, 2021, eleven and ninety-six one-hundredths percent (11.96%),
and
- c. for FY 2022, ~~eleven and seventy one one hundredths percent (11.71%), and~~
- d. ~~for FY 2023~~ and each fiscal year thereafter, ten and forty-six one-hundredths percent (10.46%);

3. 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
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 through FY 2020	5.0%
FY 2021:	
a. for the month beginning July 1, 2020, through the month ending August 31, 2020	5.0%
b. for the month beginning September 1, 2020, through the month ending June 30, 2021	3.5%
FY 2022	3.75% <u>5.0%</u>
FY 2023 through FY 2027	5.5% <u>5.25%</u>
FY 2028 and each fiscal year thereafter	5.0%

4. a. except as otherwise provided in subparagraph b of this paragraph, for the fiscal year beginning July 1, 2015, and for each fiscal year thereafter, eighty-seven one-

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 the total amount apportioned
7 pursuant to this division for the fiscal year
8 ending on June 30, 2015, and

9 (2) sixty-four percent (64%) shall be placed to the
10 credit of the Oklahoma Tourism Capital
11 Improvement Revolving Fund, but in no event shall
12 such apportionment exceed the total amount
13 apportioned pursuant to this division for the
14 fiscal year ending on June 30, 2015, and

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

18 5. For the fiscal year beginning July 1, 2015, and for each
19 fiscal year thereafter, six one-hundredths percent (0.06%) shall be
20 placed to the credit of the Oklahoma Historical Society Capital
21 Improvement and Operations Revolving Fund, but in no event shall
22 such apportionment exceed the total amount apportioned pursuant to
23 this paragraph for the fiscal year ending on June 30, 2015. Any
24

amounts which exceed the limitations of this paragraph shall be placed to the credit of the General Revenue Fund.

B. Prior to the apportionments otherwise provided in this section, there shall be apportioned to the Education Reform Revolving Fund of the State Department of Education the following amounts in the following state fiscal years:

FY 2019 \$19,600,000.00; and

FY 2020 and each year thereafter \$20,500,000.00.

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2352, as last amended by Section 3, Chapter 15, O.S.L. 2020 (68 O.S. Supp. 2020, 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 herefrom and penalties and interest thereon, subject to the apportionment requirements for the Rebuilding Oklahoma Access and Driver Safety Fund, the Oklahoma Tourism and Passenger Rail Revolving Fund, the Public Transit Revolving Fund, and the Education Reform Revolving Fund to be derived from income tax revenue that would otherwise be apportioned to the General Revenue Fund as provided by Section 1521 of Title 69 of the Oklahoma Statutes, subject to the apportionment requirements for the Oklahoma Tax Commission and Office of Management and Enterprise Services Joint

1 Computer Enhancement Fund provided by Section 265 of this title, and
2 subject to the apportionment requirements for the Oklahoma State
3 Capitol Building Repair and Restoration Fund provided by Section 19
4 of Title 73 of the Oklahoma Statutes, shall be distributed as
5 follows:

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

13 a. the following amounts shall be paid to the State
14 Treasurer to be placed to the credit of the General
15 Revenue Fund of the state for such fiscal year for the
16 support of the state government to be paid out only
17 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 through FY 2022	85.66%
FY 2023 through FY 2027	85.16% <u>85.41%</u>

1 FY 2028 and each fiscal year thereafter 85.66%,
2 b. the following amounts shall be paid to the State
3 Treasurer to be placed to the credit of the Education
4 Reform Revolving Fund of the State Department of
5 Education:
6 (1) for FY 2003 through FY 2020, eight and thirty-
7 four one-hundredths percent (8.34%),
8 (2) for FY 2021:
9 (a) for the month beginning July 1, 2020,
10 through the month ending August 31, 2020,
11 eight and thirty-four one-hundredths percent
12 (8.34%), and
13 (b) for the month beginning September 1, 2020,
14 through the month ending June 30, 2021, nine
15 and eighty-four one-hundredths percent
16 (9.84%), and
17 (3) for FY 2022, ~~nine and fifty-nine one-hundredths~~
18 ~~percent (9.59%), and~~
19 ~~(4) for FY 2023 and each fiscal year thereafter,~~
20 eight and thirty-four one-hundredths percent
21 (8.34%) shall be paid to the State Treasurer to
22 be placed to the credit of the Education Reform
23 Revolving Fund,
24

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
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 through FY 2020	5.0%
FY 2021:	
(1) for the month beginning July 1, 2020, through the month ending August 31, 2020	5.0%
(2) for the month beginning September 1, 2020, through the month ending June 30, 2021	3.5%
FY 2022	3.75% <u>5.0%</u>
FY 2023 through FY 2027	5.5% <u>5.25%</u>
FY 2028 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) 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 for apportionment pursuant to this paragraph is no longer required. After the certification, the revenue derived from the income tax shall be apportioned in the manner otherwise provided by this section. Except as otherwise provided by this paragraph, for the fiscal year beginning July 1, 2002, the first Forty-one Million One Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of revenue derived pursuant to the provisions of subsections D and E of

Section 2355 of this title shall be apportioned to the Education Reform Revolving Fund. The remainder of such revenue for the fiscal year beginning July 1, 2002, and all such revenue for each fiscal year thereafter, subject to the apportionment requirements for the Oklahoma Tax Commission and Office of Management and Enterprise Services Joint Computer Enhancement Fund provided by Section 265 of this title, shall be apportioned monthly as follows:

- a. the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal 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	78.96%
FY 2005	78.75%
FY 2006	78.50%
FY 2007	78.0%

- (1) (a) FY 2018 through FY 2022
until the apportionment to
the General Revenue Fund
equals the moving five-
year average amount for
corporate income tax as

prescribed by paragraph 3

of this section 77.50%

(b) FY 2023 through FY 2027

until the apportionment to

the General Revenue Fund

equals the moving five-

year average amount for

corporate income tax as

prescribed by paragraph 3

of this section ~~77.00%~~ 77.25%

(c) FY 2028 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 3

of this section 77.50%

(2) there shall be apportioned from the tax levy

imposed on corporate income tax to the Revenue

Stabilization Fund created by Section 34.102 of

Title 62 of the Oklahoma Statutes, or to the

Constitutional Reserve Fund, as provided by

1 Section 34.102 of Title 62 of the Oklahoma
2 Statutes, the amount of revenue, if any, which
3 exceeds the moving five-year average amount as
4 defined pursuant to paragraph 3 of this section,

5 b. the following amounts shall be paid to the State
6 Treasurer to be placed to the credit of the Education
7 Reform Revolving Fund of the State Department of
8 Education:

9 (1) for FY 2003 through FY 2020, sixteen and five-
10 tenths percent (16.5%),

11 (2) for FY 2021:

12 (a) for the month beginning July 1, 2020,
13 through the month ending August 31, 2020,
14 sixteen and five-tenths percent (16.5%), and

15 (b) for the month beginning September 1, 2020,
16 through the month ending June 30, 2021,
17 eighteen percent (18%), and

18 (3) for FY 2022, ~~seventeen and seventy-five one-~~
19 ~~hundredths percent (17.75%), and~~

20 ~~(4) for FY 2023~~ and each fiscal year thereafter,
21 sixteen and five-tenths percent (16.5%),

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

1	Fiscal Year	Amount
2	FY 2003 and FY 2004	3.54%
3	FY 2005	3.75%
4	FY 2006	4.0%
5	FY 2007	4.5%
6	FY 2008 through FY 2020	5.0%
7	FY 2021:	
8	(1) for the month beginning	
9	July 1, 2020, through	
10	the month ending August	
11	31, 2020	5.0%
12	(2) for the month beginning	
13	September 1, 2020,	
14	through the month ending	
15	June 30, 2021	3.5%
16	FY 2022	3.75% <u>5.0%</u>
17	FY 2023 through FY 2027	5.5% <u>5.25%</u>
18	FY 2028 and each fiscal	
19	year thereafter	5.0%
20	d. for FY 2003 and each fiscal year thereafter, one	
21	percent (1%) shall be placed to the credit of the Ad	
22	Valorem Reimbursement Fund; and	
23	3. "Moving five-year average for corporate income tax" means,	
24	for purposes of the apportionments prescribed by this section, the	

1 amount of income tax on corporations, as determined by the State
2 Board of Equalization in the manner prescribed by Section 34.103 of
3 Title 62 of the Oklahoma Statutes.

4 SECTION 4. This act shall become effective July 1, 2021.

5 SECTION 5. It being immediately necessary for the preservation
6 of the public peace, health or safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

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