

1 ENGROSSED HOUSE  
2 BILL NO. 2776

By: Pfeiffer of the House

3 and

4 Montgomery of the Senate

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6  
7 An Act relating to school funding; creating the  
8 Protecting Revenues for Oklahoma Teachers,  
9 Educators and Students (PROTEST) Fund; describing  
10 type and contents of fund; providing purpose of  
11 fund; providing for expenditures; providing for  
12 reimbursement of claims; directing disbursement  
13 of funds; requiring repayment of disbursed funds;  
14 authorizing State Department of Education to  
15 promulgate rules; amending 62 O.S. 2011, Section  
16 193, as amended by Section 457, Chapter 304,  
17 O.S.L. 2012 (62 O.S. Supp. 2020, Section 193),  
18 which relates to the Ad Valorem Reimbursement  
19 Fund; modifying apportionment of funds; providing  
20 for codification; providing an effective date;  
21 and declaring an emergency.

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

23 SECTION 1. NEW LAW A new section of law to be codified  
24 in the Oklahoma Statutes as Section 3-111.1 of Title 70, unless  
there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving  
fund for the State Department of Education to be designated the  
"Protecting Revenues for Oklahoma Teachers, Educators and Students  
(PROTEST) Fund". The fund shall be a continuing fund, not subject  
to fiscal year limitations, and shall consist of all monies received

1 by the State Department of Education from ad valorem funds which are  
2 under protest pursuant to Section 2884 of Title 68 of the Oklahoma  
3 Statutes. All monies accruing to the credit of said fund are hereby  
4 appropriated and may be budgeted and expended by the State  
5 Department of Education for the purpose of providing funding to  
6 school districts which are affected by protested ad valorem taxes.  
7 Expenditures from said fund shall be made upon warrants issued by  
8 the State Treasurer against claims filed as prescribed by law for  
9 approval and payment.

10 B. The board of education of each school district seeking  
11 reimbursement for lost revenue from the Protecting Revenues for  
12 Oklahoma Teachers, Educators and Students (PROTEST) Fund shall make  
13 claims for reimbursement on forms prescribed by the State Department  
14 of Education. If the claim is approved by the State Department of  
15 Education, funds shall be disbursed to the school district board of  
16 education. Once the ad valorem funds which are under protest are  
17 settled and disbursed to the school district, the school district  
18 board of education shall reimburse the PROTEST Fund.

19 C. The State Department of Education may promulgate rules to  
20 implement the provisions of this act.

21 SECTION 2. AMENDATORY 62 O.S. 2011, Section 193, as  
22 amended by Section 457, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
23 2020, Section 193), is amended to read as follows:  
24

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

6 1. ~~To~~ For the fiscal year ending June 30, 2022, the first Five  
7 Million Dollars (\$5,000,000.00) of revenue derived pursuant to the  
8 provisions of Section 1 of this act shall be apportioned to the  
9 Protecting Revenues for Oklahoma Teachers, Educators and Students  
10 (PROTEST) Fund.

11 2. The remainder of such revenue for the fiscal year ending  
12 June 30, 2022, and all such revenue for each fiscal year thereafter  
13 shall be expended as follows:

14 a. to reimburse school districts of this state for loss  
15 of revenue due to ad valorem funds which are under  
16 protest pursuant to Section 2884 of Title 68 of the  
17 Oklahoma Statutes by apportioning an amount to ensure  
18 the PROTEST Fund balance is not less than Five Million  
19 Dollars (\$5,000,000.00),

20 b. to reimburse counties of this state for loss of  
21 revenue due to exemptions of ad valorem taxes for new  
22 or expanded manufacturing or research and development  
23 facilities.

24 ~~2. To~~

1           c.    to reimburse counties of this state for loss of  
2                   revenue for school district and county purposes due to  
3                   exemptions granted pursuant to the provisions of  
4                   Section 2890 of Title 68 of the Oklahoma Statutes~~7,1~~  
5                   and

6        ~~3. To~~

7           d.    to reimburse counties of this state for loss of  
8                   revenue due to decreased valuation and assessment for  
9                   buffer strips pursuant to Section 2817.2 of Title 68  
10                  of the Oklahoma Statutes.

11        Provided that it shall be the duty of the Tax Commission to  
12        assess the valuation of all property for new or expanded  
13        manufacturing or research and development facilities which are  
14        exempt from ad valorem taxes.

15        Monies apportioned to ~~this fund~~ the Ad Valorem Reimbursement  
16        Fund also may be transferred to other state funds or otherwise  
17        expended as directed by the Legislature by law.

18        B.    The county commissioners of each county seeking  
19        reimbursement for lost revenue from the Ad Valorem Reimbursement  
20        Fund shall make claims for reimbursement on forms prescribed by the  
21        Tax Commission prior to April 30 of each year.    Claims for  
22        reimbursement for loss of revenue due to exemptions of ad valorem  
23        taxes for new or expanded manufacturing or research and development  
24        facilities shall be made separately from claims for reimbursement

1 for loss of revenue for school district and county purposes due to  
2 exemptions granted pursuant to the provisions of Section 2890 of  
3 Title 68 of the Oklahoma Statutes and separately from claims for  
4 reimbursement for loss of revenue for decreased valuation and  
5 assessment of buffer strips. Provided, the assessed valuation of a  
6 school district as stated in the claim for reimbursement shall be  
7 the same as reported to the State Department of Education on the  
8 Estimate of Need and shall include the total valuation of property  
9 exempt from taxation pursuant to Section 2902 of Title 68 of the  
10 Oklahoma Statutes. The claims shall be either approved or  
11 disapproved in whole or in part by the Tax Commission by June 15 of  
12 each year. A claim for reimbursement for loss of revenue due to an  
13 exemption of ad valorem taxes for a new or expanded manufacturing or  
14 research and development facility shall be disapproved if a county  
15 or school district has received any payment in lieu of ad valorem  
16 taxes from such facility, to the extent of the amount of such  
17 reimbursement. If the Tax Commission determines that an exemption  
18 has been erroneously or unlawfully granted, it shall notify the  
19 appropriate county assessor who shall immediately value and assess  
20 the property and place it on the rolls for ad valorem taxation.  
21 Disbursements from the fund shall be made on warrants issued by the  
22 State Treasurer against claims filed by the Tax Commission with the  
23 Office of Management and Enterprise Services for payment. Such  
24 disbursements shall be exempt from all agency expenditure ceilings.

1 The county treasurer shall apportion or disburse such funds for  
2 expenditures in the same manner as other ad valorem tax collections.

3 C. In the event monies apportioned to the Ad Valorem  
4 Reimbursement Fund are insufficient to pay all claims for  
5 reimbursement made pursuant to subsection B of this section, claims  
6 for reimbursement for loss of revenue due to exemptions of ad  
7 valorem taxes for new or expanded manufacturing or research and  
8 development facilities shall be paid first, and any remaining funds  
9 shall be distributed proportionally among the counties making claims  
10 for reimbursement for loss of revenue for school district and county  
11 purposes due to exemptions granted pursuant to the provisions of  
12 Section 2890 of Title 68 of the Oklahoma Statutes, according to the  
13 amount of the claim made by each county. If any funds remain after  
14 paying all claims for reimbursement for loss of revenue due to  
15 exemptions of ad valorem taxation for new or expanded manufacturing  
16 or research and development facilities and for reimbursement for  
17 loss of revenue for school district and county purposes due to  
18 exemptions granted pursuant to the provisions of Section 2890 of  
19 Title 68 of the Oklahoma Statutes, the remaining funds shall be  
20 distributed proportionally among the counties making claims for  
21 reimbursement for loss of revenue for decreased valuation and  
22 assessment for buffer strips pursuant to Section 2817.2 of Title 68  
23 of the Oklahoma Statutes.

24 SECTION 3. This act shall become effective July 1, 2021.

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

Passed the House of Representatives the 10th day of March, 2021.

Presiding Officer of the House  
of Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2021.

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Presiding Officer of the Senate