

FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2776 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Reading Clerk

Amendment submitted by: John Pfeiffer

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

FLOOR SUBSTITUTE
FOR

HOUSE BILL NO. 2776

By: Pfeiffer of the House

and

Montgomery of the Senate

FLOOR SUBSTITUTE

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

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

SECTION 1. NEW LAW A new section of law to be codified 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

1 "Protecting Revenues for Oklahoma Teachers, Educators and Students
2 (PROTEST) Fund". The fund shall be a continuing fund, not subject
3 to fiscal year limitations, and shall consist of all monies received
4 by the State Department of Education from ad valorem funds which are
5 under protest pursuant to Section 2884 of Title 68 of the Oklahoma
6 Statutes. All monies accruing to the credit of said fund are hereby
7 appropriated and may be budgeted and expended by the State
8 Department of Education for the purpose of providing funding to
9 school districts which are affected by protested ad valorem taxes.
10 Expenditures from said fund shall be made upon warrants issued by
11 the State Treasurer against claims filed as prescribed by law for
12 approval and payment.

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

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

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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 2020, 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 as follows:

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

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

- 17 a. to reimburse school districts of this state for loss
18 of revenue due to ad valorem funds which are under
19 protest pursuant to Section 2884 of Title 68 of the
20 Oklahoma Statutes by apportioning an amount to ensure
21 the PROTEST Fund balance is not less than Five Million
22 Dollars (\$5,000,000.00),
- 23 b. to reimburse counties of this state for loss of
24 revenue due to exemptions of ad valorem taxes for new

1 or expanded manufacturing or research and development
2 facilities~~+~~L

3 ~~2. To~~

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

9 ~~3. To~~

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

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

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

21 B. The county commissioners of each county seeking
22 reimbursement for lost revenue from the Ad Valorem Reimbursement
23 Fund shall make claims for reimbursement on forms prescribed by the
24 Tax Commission prior to April 30 of each year. Claims for

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

1 State Treasurer against claims filed by the Tax Commission with the
2 Office of Management and Enterprise Services for payment. Such
3 disbursements shall be exempt from all agency expenditure ceilings.
4 The county treasurer shall apportion or disburse such funds for
5 expenditures in the same manner as other ad valorem tax collections.

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

1 assessment for buffer strips pursuant to Section 2817.2 of Title 68
2 of the Oklahoma Statutes.

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

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

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