

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 58th Legislature (2021)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2894

By: Wallace and Hilbert of the  
House

and

Thompson and Hall of the  
Senate

11                                   COMMITTEE SUBSTITUTE

12                   An Act relating to revenue and taxation; amending 68  
13                   O.S. 2011, Section 1353, as last amended by Section  
14                   1, Chapter 15, O.S.L. 2020 (68 O.S. Supp. 2020,  
15                   Section 1353), which relates to apportionment of  
16                   sales tax collections; increasing certain  
17                   apportionments for certain fiscal years; decreasing  
18                   certain apportionments for certain fiscal years;  
19                   amending 68 O.S. 2011, Section 1403, as last amended  
20                   by Section 2, Chapter 15, O.S.L. 2020 (68 O.S. Supp.  
21                   2020, Section 1403), which relates to the  
22                   apportionment of use tax collections; increasing  
23                   certain apportionments for certain fiscal years;  
24                   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.

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

2 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1353, as  
3 last amended by Section 1, Chapter 15, O.S.L. 2020 (68 O.S. Supp.  
4 2020, Section 1353), is amended to read as follows:

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

15 1. Except as provided in subsection C of this section, the  
16 following amounts shall be paid to the State Treasurer to be placed  
17 to the credit of the General Revenue Fund to be paid out pursuant to  
18 direct appropriation by the Legislature:

19	Fiscal Year	Amount
20	FY 2003 and FY 2004	86.04%
21	FY 2005	85.83%
22	FY 2006	85.54%
23	FY 2007	85.04%
24	FY 2008 through FY 2022	83.61%

FY 2023 through FY 2027 ~~83.11%~~ 83.36%

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:

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	a. for the month beginning July	
9	1, 2020, through the month	
10	ending August 31, 2020	5.0%
11	b. for the month beginning	
12	September 1, 2020, through	
13	the month ending June 30,	
14	2021	3.5%
15	FY 2022	<del>3.75%</del> <u>5.0%</u>
16	FY 2023 through FY 2027	<del>5.5%</del> <u>5.25%</u>
17	FY 2028 and each fiscal year thereafter	5.0%
18	4. a. except as otherwise provided in subparagraph b of this	
19	paragraph, for the fiscal year beginning July 1, 2015,	
20	and for each fiscal year thereafter, eighty-seven one-	
21	hundredths percent (0.87%) shall be paid to the State	
22	Treasurer to be further apportioned as follows:	
23	(1) thirty-six percent (36%) shall be placed to the	
24	credit of the Oklahoma Tourism Promotion	

1                   Revolving Fund, but in no event shall such  
2                   apportionment exceed Five Million Dollars  
3                   (\$5,000,000.00) in any fiscal year, and

4                   (2) sixty-four percent (64%) shall be placed to the  
5                   credit of the Oklahoma Tourism Capital  
6                   Improvement Revolving Fund, but in no event shall  
7                   such apportionment exceed Nine Million Dollars  
8                   (\$9,000,000.00) in any fiscal year, and

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

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

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

1 sales tax revenue of such municipality or county exempted by the  
2 provisions of Section 1357.10 of this title and subsection F of  
3 Section 2701 of this title. The Oklahoma Tax Commission shall  
4 promulgate and adopt rules necessary to implement the provisions of  
5 this subsection.

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

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

- 10 a. Nine Million Six Hundred Thousand Dollars  
11 (\$9,600,000.00) to the credit of the State Highway  
12 Construction and Maintenance Fund created in Section  
13 1501 of Title 69 of the Oklahoma Statutes, and  
14 b. Two Million Dollars (\$2,000,000.00) to the credit of  
15 the Oklahoma Railroad Maintenance Revolving Fund  
16 created in Section 309 of Title 66 of the Oklahoma  
17 Statutes;

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

- 19 a. Twenty Million Dollars (\$20,000,000.00) to the credit  
20 of the State Highway Construction and Maintenance Fund  
21 created in Section 1501 of Title 69 of the Oklahoma  
22 Statutes, and  
23 b. Two Million Dollars (\$2,000,000.00) to the credit of  
24 the Oklahoma Railroad Maintenance Revolving Fund

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	<del>83.11%</del> <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	<del>3.75%</del> <u>5.0%</u>
FY 2023 through FY 2027	<del>5.5%</del> <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

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

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

7 FY 2019 \$19,600,000.00; and

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

9 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2352, as  
10 last amended by Section 3, Chapter 15, O.S.L. 2020 (68 O.S. Supp.  
11 2020, Section 2352), is amended to read as follows:

12 Section 2352. It is hereby declared to be the purpose of  
13 Section 2351 et seq. of this title to provide revenue for general  
14 governmental functions of state government; and, for that purpose  
15 and to that end, it is expressly declared that the revenue derived  
16 herefrom and penalties and interest thereon, subject to the  
17 apportionment requirements for the Rebuilding Oklahoma Access and  
18 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail  
19 Revolving Fund, the Public Transit Revolving Fund, and the Education  
20 Reform Revolving Fund to be derived from income tax revenue that  
21 would otherwise be apportioned to the General Revenue Fund as  
22 provided by Section 1521 of Title 69 of the Oklahoma Statutes,  
23 subject to the apportionment requirements for the Oklahoma Tax  
24 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	<del>85.16%</del> <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	<del>3.75%</del> <u>5.0%</u>
FY 2023 through FY 2027	<del>5.5%</del> <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



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

- 8           a. the following amounts shall be paid to the State  
9           Treasurer to be placed to the credit of the General  
10           Revenue Fund of the state for such fiscal year for the  
11           support of the state government to be paid out only  
12           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%

- 18           (1) (a) FY 2018 through FY 2022  
19                   until the apportionment to  
20                   the General Revenue Fund  
21                   equals the moving five-  
22                   year average amount for  
23                   corporate income tax as  
24

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	<del>3.75%</del> <u>5.0%</u>
17	FY 2023 through FY 2027	<del>5.5%</del> <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.

9

10 COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS  
11 AND BUDGET, dated 05/14/2021 - DO PASS, As Amended.

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