

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

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

4 ENGROSSED SENATE
5 BILL NO. 825

By: Standridge of the Senate

and

West (Kevin) of the House

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9 An Act relating to revenue and taxation; amending 68
10 O.S. 2011, Section 2701, which relates to the
11 authorization to tax for purposes of municipal
12 government; requiring a vote of the people to
13 redirect or reduce funds provided by taxes levied by
14 a vote of the people; updating statutory reference;
15 and providing an effective date.

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

17 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2701, is
18 amended to read as follows:

19 Section 2701. A. Any incorporated city or town in this state
20 is hereby authorized to assess, levy, and collect taxes for general
21 and special purposes of municipal government as the Legislature may
22 levy and collect for purposes of state government, subject to the
23 provisions of subsection F of this section, except ad valorem
24 property taxes. Provided:

1 1. Taxes shall be uniform upon the same class subjects, and any
2 tax, charge, or fee levied upon or measured by income or receipts
3 from the sale of products or services shall be uniform upon all
4 classes of taxpayers;

5 2. Motor vehicles may be taxed by the city or town only when
6 such vehicles are primarily used or located in such city or town for
7 a period of time longer than six (6) months of a taxable year;

8 3. The provisions of this section shall not be construed to
9 authorize imposition of any tax upon persons, firms, or corporations
10 exempted from other taxation under the provisions of Sections 348.1,
11 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
12 payment of taxes imposed under such sections;

13 4. Cooperatives and communications companies are hereby
14 authorized to pass on to their subscribers in the incorporated city
15 or town involved, the amount of any special municipal fee, charge or
16 tax hereafter assessed or levied on or collected from such
17 cooperatives or communications companies;

18 5. No earnings, payroll or income taxes may be levied on
19 nonresidents of the cities or towns levying such tax;

20 6. The governing body of any city or town shall be prohibited
21 from proposing taxing ordinances more often than three times in any
22 calendar year, or twice in any six-month period; and
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1 7. Any revenues derived from a tax authorized by this
2 subsection not dedicated to a limited purpose shall be deposited in
3 the municipal general fund.

4 B. A sales tax authorized in subsection A of this section may
5 be levied for limited purposes specified in the ordinance levying
6 the tax. Such ordinance shall be submitted to the voters for
7 approval as provided in Section 2705 of this title. Any sales tax
8 levied or any change in the rate of a sales tax levied pursuant to
9 the provisions of this section shall become effective on the first
10 day of the calendar quarter following approval by the voters of the
11 city or town unless another effective date, which shall also be on
12 the first day of a calendar quarter, is specified in the ordinance
13 levying the sales tax or changing the rate of sales tax. Such
14 ordinance shall describe with specificity the projects or
15 expenditures for which the limited-purpose tax levy would be made.
16 The municipal governing body shall create a limited-purpose fund and
17 deposit therein any revenue generated by any tax levied pursuant to
18 this subsection. Money in the fund shall be accumulated from year
19 to year. The fund shall be placed in an insured interest-bearing
20 account and the interest which accrues on the fund shall be retained
21 in the fund. The fund shall be nonfiscal and shall not be
22 considered in computing any levy when the municipality makes its
23 estimate to the excise board for needed appropriations. Money in
24 the limited-purpose tax fund shall be expended only as accumulated

1 and only for the purposes specifically described in the taxing
2 ordinance as approved by the voters.

3 C. The Oklahoma Tax Commission shall give notice to all vendors
4 of a rate change at least sixty (60) days prior to the effective
5 date of the rate change. Provided, for purchases from printed
6 catalogs wherein the purchaser computed the tax based upon local tax
7 rates published in the catalog, the rate change shall not be
8 effective until the first day of a calendar quarter after a minimum
9 of ~~one hundred twenty (120)~~ one hundred twenty-days' notice to
10 vendors. Failure to give notice as required by this section shall
11 delay the effective date of the rate change to the first day of the
12 next calendar quarter.

13 D. The change in the boundary of a municipality shall be
14 effective, for sales and use tax purposes only, on the first day of
15 a calendar quarter after a minimum of sixty (60) days' notice to
16 vendors.

17 E. If the proceeds of any sales tax levied by a municipality
18 pursuant to subsection B of this section are being used by the
19 municipality for the purpose of retiring indebtedness incurred by
20 the municipality or by a public trust of which the municipality is a
21 beneficiary for the specific purpose for which the sales tax was
22 imposed, the sales tax shall not be repealed until such time as the
23 indebtedness is retired. However, in no event shall the life of the
24 tax be extended beyond the duration approved by the voters of the

1 municipality. The provisions of this subsection shall apply to all
2 sales tax levies imposed by a municipality and being used by the
3 municipality for the purposes set forth in this subsection prior to
4 or after July 1, 1995.

5 F. The sale of an article of clothing or footwear designed to
6 be worn on or about the human body shall be exempt from the sales
7 tax imposed by any incorporated city or town, in accordance with and
8 to the extent set forth in Section ~~3 of this act~~ 1357.10 of this
9 title.

10 G. Any municipality that levies a dedicated tax pursuant to a
11 vote of the people for the purpose of funding public safety or any
12 other governmental purpose shall not redirect all or a portion of
13 the dedicated tax revenue to another purpose without a vote of the
14 people authorizing such action.

15 SECTION 2. This act shall become effective November 1, 2021.

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17 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 04/06/2021 - DO PASS.
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