

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

SENATE BILL 892

By: Bullard

AS INTRODUCED

An Act relating to local government funding options; authorizing county to call for an election regarding the tax of rock, gravel, granite, sand, limestone and other natural materials upon severance; providing exception for materials extracted on private property by natural persons; providing exception for limestone extracted for agricultural purposes; providing exemption for sand extracted for use in hydraulic fracturing operations; providing exemption for sales of rock, gravel, granite, sand, limestone or any other natural materials to be used by individuals for the production of goods within the county; requiring the refund of severance tax for certain sales; requiring voter approval before levying of tax; specifying time period before subsequent special election can be called under certain circumstances; providing effective date for tax levy or change in tax rate; requiring specifying of purpose; specifying apportionment of funds; providing for duration of tax; requiring Oklahoma Tax Commission to provide certain notice; modifying effective date of rate change under specified circumstances; authorizing certain contract between county and Tax Commission and providing contract criteria; authorizing Tax Commission to charge specified fee; requiring initiative petitions be in compliance with specified statutes; mandating specified procedures; setting time period during which election shall be held; providing for certain credit based on sales tax treatment; providing for apportionment of revenues to municipalities under certain circumstances; prohibiting counties from imposing certain fees, charges, assessments or related costs; providing for codification; and providing an effective date.

1  
2  
3 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

4 SECTION 1. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 1001.5 of Title 68, unless there  
6 is created a duplication in numbering, reads as follows:

7 A. Any county of this state is hereby authorized to levy a tax  
8 upon the severance of rock, gravel, granite, sand, limestone or any  
9 other natural materials mined for purposes of producing aggregate  
10 within the territorial limits of the county by any lawfully  
11 recognized for-profit business entity in an amount specified in the  
12 special election called as provided herein.

13 B. No severance tax shall be applicable to:

14 1. Aggregates extracted by an individual person or persons from  
15 real property owned by such person or persons and not sold for  
16 profit; or

17 2. Limestone extracted for agricultural purposes.

18 C. Sales of sand for use in hydraulic fracturing operations and  
19 sales of rock, gravel granite, sand, limestone or any other natural  
20 materials to be used by individuals for the production of goods  
21 within the county shall be exempt from any severance tax levied  
22 pursuant to this section. In order to administer the exemptions for  
23 sales provided in this subsection, there shall be made a severance  
24

1 tax refund for severance taxes paid. Refunds shall be made in a  
2 manner prescribed by the county which levies the tax.

3 D. Before a severance tax may be levied by the county, the  
4 imposition of the tax shall first be approved by a majority of the  
5 registered voters of the county voting thereon at a special election  
6 called by the board of county commissioners or by an initiative  
7 petition signed by not less than five percent (5%) of the registered  
8 voters of the county who were registered at the time of the last  
9 general election. The question submitted shall be limited to the  
10 purposes described by subsection F of this section and shall be  
11 stated on the initiative petition. The county shall identify the  
12 purpose of the severance tax when it is presented to the voters  
13 pursuant to the provisions of this section. However, if a majority  
14 of the registered voters of a county voting fail to approve such a  
15 tax, the board of county commissioners shall not call another  
16 special election for such purpose for one (1) year.

17 E. Any tax levied or any change in the rate of a tax levied  
18 pursuant to the provisions of this section shall become effective on  
19 the first day of the calendar quarter following approval by the  
20 voters of the county unless another effective date, which shall also  
21 be on the first day of a calendar quarter, is specified in the  
22 ordinance or resolution levying the tax or changing the rate of the  
23 tax. The county may approve a severance tax up to fifteen cents  
24

1 (\$0.15) per ton on the production of rock, gravel, granite, sand,  
2 limestone and other natural materials.

3 F. The revenues collected by the county from the severance tax  
4 which may be levied shall be apportioned as follows:

5 1. Fifty percent (50%) shall be deposited in the county general  
6 fund and shall be designated for construction and improvement of  
7 county and municipal roads and bridges; and

8 2. Fifty percent (50%) shall be apportioned to the general  
9 revenue fund of municipalities within the county on a proportional  
10 basis of their population according to the most recent Federal  
11 Decennial Census. Revenues apportioned to the general revenue fund  
12 of a municipality shall be designated for infrastructure projects.

13 G. The life of a tax levied pursuant to the provisions of this  
14 section may be limited or unlimited in duration. The county shall  
15 identify the duration of the tax when it is presented to the voters  
16 pursuant to the provisions of this section.

17 H. The Oklahoma Tax Commission shall give notice to all  
18 relevant taxpayers of a rate change at least sixty (60) days prior  
19 to the effective date of the rate change. Failure to give notice as  
20 required by this section shall delay the effective date of the rate  
21 change to the first day of the next calendar quarter. The board of  
22 county commissioners of a county levying a tax pursuant to the  
23 provisions of this section and the Tax Commission are authorized to  
24 enter into a contract whereby the Tax Commission shall have

1 authority to assess, collect and enforce the tax and any penalties  
2 or interest thereon levied by the county and to remit the same to  
3 the county. Such authority shall apply to any tax levied pursuant  
4 to this section and penalty or interest liability existing at the  
5 time of contracting. Upon contracting, the Tax Commission shall  
6 have the power of enforcement of the tax, penalties or interest that  
7 are vested in the county. The contract shall provide for the  
8 assessment, collection and enforcement of the tax, penalties or  
9 interest in the same manner as the administration, collection or  
10 enforcement of the state gross production tax by the Tax Commission.  
11 For providing such assistance, the Tax Commission shall charge the  
12 county a fee of one-half of one percent ( $1/2$  of 1%) of the gross  
13 collection proceeds.

14 I. Initiative petitions calling for a special election  
15 concerning county severance tax proposals shall be in accordance  
16 with Sections 2, 3, 6, 18 and 24 of Title 34 of the Oklahoma  
17 Statutes. Petitions shall be submitted to the office of the county  
18 clerk for approval as to form prior to circulation. Following  
19 approval, the petitioner shall have ninety (90) days to secure the  
20 required signatures. After securing the requisite number of  
21 signatures, the petitioner shall submit the petition and signatures  
22 to the county clerk. Following the verification of signatures, the  
23 county clerk shall present the petition to the board of county  
24 commissioners. The special election shall be held within sixty (60)

1 days of the board of county commissioners receiving the petition  
2 from the county clerk.

3 SECTION 2. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 1001.6 of Title 68, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. All materials sold where an appropriate county sales tax was  
7 charged, collected and remitted to the county where the materials  
8 were severed shall receive a credit against the severance tax in the  
9 same amount of the sales tax portion that was remitted to the county  
10 of origin.

11 B. No county that receives revenue from a severance tax levy on  
12 aggregates as authorized by this act shall impose any fee, charge,  
13 assessment or other cost for the privilege of engaging in the mining  
14 or extraction of aggregates.

15 SECTION 3. This act shall become effective November 1, 2021.

16  
17 58-1-260 QD 1/21/2021 4:27:27 PM  
18  
19  
20  
21  
22  
23  
24  
25