

1 **SENATE FLOOR VERSION**

2 February 29, 2024

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 1807

By: Garvin

6  
7 An Act relating to county economic development;  
8 creating the Rural County Economic Development Act of  
9 2024; providing short title; authorizing the creation  
10 of certain county organization; providing process for  
11 formation of certain county organization;  
12 establishing purpose of certain county organization;  
13 providing for appointment of members to certain  
14 county organization; prohibiting compensation for  
15 members; authorizing certain reimbursement for  
16 members; authorizing certain actions; providing  
17 certain powers; authorizing certain delegation of  
18 powers and duties; authorizing certain contracting;  
19 authorizing certain county-option sales tax levy;  
20 limiting levy; requiring submission to voters at  
21 special election; requiring certain fund creation and  
22 accounting; amending 68 O.S. 2021, Section 1370,  
23 which relates to county sales tax; providing for  
24 certain exception; updating statutory language;  
providing for codification; and providing an  
effective date.

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 899.1 of Title 62, unless there  
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Rural County  
Economic Development Act of 2024".

1       SECTION 2.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 899.2 of Title 62, unless there  
3 is created a duplication in numbering, reads as follows:

4       A.   The board of county commissioners of a county with a  
5 population of one hundred thousand (100,000) or less according to  
6 the latest Federal Decennial Census may, by adoption of a resolution  
7 by a majority of the members of the board, form a county economic  
8 development organization for the purpose of implementing or  
9 enhancing economic development programs and initiatives, including  
10 but not limited to efforts to encourage economic development that  
11 generates new jobs and increases capital investment in the county.

12       B.   Each organization created pursuant to this section shall be  
13 a public body, corporate and politic, with the powers and duties  
14 specified in this act.

15       SECTION 3.       NEW LAW       A new section of law to be codified  
16 in the Oklahoma Statutes as Section 899.3 of Title 62, unless there  
17 is created a duplication in numbering, reads as follows:

18       A.   Each county commissioner of a county with a county economic  
19 development organization shall appoint from the county two (2)  
20 persons to serve as members of the county economic development  
21 organization. Each organization member shall serve at the pleasure  
22 of his or her appointing county commissioner.

23       B.   The members of the organization shall elect a chair, a vice  
24 chair, and a treasurer from among its membership. A majority of the

1 organization shall constitute a quorum, the affirmative vote of  
2 which shall be necessary for any action taken by the organization.  
3 Each member of the organization shall receive no compensation for  
4 services to the organization but may be reimbursed by the political  
5 subdivision responsible for such appointment for expenses incurred  
6 for attending meetings of the organization.

7 C. Each organization member shall have been a qualified elector  
8 in the county from which the member is appointed for a period not  
9 less than three (3) years from the date of appointment. No person  
10 shall be eligible for appointment as a member of an organization who  
11 has been convicted of a felony.

12 SECTION 4. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 899.4 of Title 62, unless there  
14 is created a duplication in numbering, reads as follows:

15 A. A county economic development organization created under the  
16 provisions of this act may:

17 1. Adopt bylaws for the regulation of its affairs and conduct  
18 of its business;

19 2. Maintain an office as needed;

20 3. Sue and be sued, in contract, reverse condemnation, equity,  
21 mandamus, and similar actions in its own name, plead and be  
22 impleaded. Any action against the organization shall be brought in  
23 the county in which the principal office of the organization is  
24 located or the county where the cause of action arose;

1        4. Acquire, hold, and dispose of real and personal property in  
2 the exercise of its powers and the performance of its duties;

3        5. Make and enter into all contracts and agreements necessary  
4 or incidental to the performance of its duties and the execution of  
5 its powers;

6        6. Adopt such rules and regulations necessary to carry out the  
7 powers and duties expressly granted in this section; and

8        7. Budget and expend funds made available to the organization  
9 in accordance with the provisions of this act.

10       B. The authority provided in subsection A of this section may  
11 be performed directly by a county economic development organization  
12 or delegated to a third-party entity under the provisions of a  
13 contract entered into between the county economic development  
14 organization and the third-party entity.

15       SECTION 5.        AMENDATORY        68 O.S. 2021, Section 1370, is  
16 amended to read as follows:

17       Section 1370. A. In accordance with the provisions of Section  
18 ± 1354.36 of this act title, except as provided in Section 6 of this  
19 act, any county of this state may levy a sales tax ~~of~~ not to exceed  
20 two percent (2%) upon the gross proceeds or gross receipts derived  
21 from all sales or services in the county upon which a consumer's  
22 sales tax is levied by this state. Before a sales tax may be levied  
23 by the county, the imposition of the tax shall first be approved by  
24 a majority of the registered voters of the county voting thereon at

1 a special election called by the board of county commissioners or by  
2 initiative petition signed by not less than five percent (5%) of the  
3 registered voters of the county who were registered at the time of  
4 the last general election. However, if a majority of the registered  
5 voters of a county voting fail to approve such a tax, the board of  
6 county commissioners shall not call another special election for  
7 such purpose for six (6) months. Any sales tax approved by the  
8 registered voters of a county shall be applicable only when the  
9 point of sale is within the territorial limits of such county. Any  
10 sales tax levied or any change in the rate of a sales tax levied  
11 pursuant to the provisions of this section shall become effective on  
12 the first day of the calendar quarter following approval by the  
13 voters of the county unless another effective date, which shall also  
14 be on the first day of a calendar quarter, is specified in the  
15 ordinance or resolution levying the sales tax or changing the rate  
16 of sales tax.

17 B. The Oklahoma Tax Commission shall give notice to all vendors  
18 of a rate change at least sixty (60) days prior to the effective  
19 date of the rate change. Provided, for purchases from printed  
20 catalogs wherein the purchaser computed the tax based upon local tax  
21 rates published in the catalog, the rate change shall not be  
22 effective until the first day of a calendar quarter after a minimum  
23 of one hundred twenty (120) days' notice to vendors. Failure to  
24 give notice as required by this section shall delay the effective

1 date of the rate change to the first day of the next calendar  
2 quarter.

3 C. Initiative petitions calling for a special election  
4 concerning county sales tax proposals shall be in accordance with  
5 Sections 2, 3, ~~3.17~~, 6, 18 and 24 of Title 34 of the Oklahoma  
6 Statutes. Petitions shall be submitted to the office of the county  
7 clerk for approval as to form prior to circulation. Following  
8 approval, the petitioner shall have ninety (90) days to secure the  
9 required signatures. After securing the requisite number of  
10 signatures, the petitioner shall submit the petition and signatures  
11 to the county clerk. Following the verification of signatures, the  
12 county clerk shall present the petition to the board of county  
13 commissioners. The special election shall be held within sixty (60)  
14 days of receiving the petition. The ballot title presented to the  
15 voters at the special election shall be identical to the ballot as  
16 presented in the initiative petition.

17 D. Subject to the provisions of Section 1357.10 of this title,  
18 all items that are exempt from the state sales tax shall be exempt  
19 from any sales tax levied by a county.

20 E. Any sales tax which may be levied by a county shall be  
21 designated for a particular purpose. Such purposes may include, but  
22 are not limited to, projects owned by the state, any agency or  
23 instrumentality thereof, the county and/or any political subdivision  
24 located in whole or in part within such county, regional

1 development, economic development, common education, general  
2 operations, capital improvements, county roads, weather modification  
3 or any other purpose deemed, by a majority vote of the county  
4 commissioners or as stated by initiative petition, to be necessary  
5 to promote safety, security and the general well-being of the  
6 people, including any authorized purpose pursuant to the Oklahoma  
7 Community Economic Development Pooled Finance Act. The county shall  
8 identify the purpose of the sales tax when it is presented to the  
9 voters pursuant to the provisions of subsection A of this section.  
10 Except as otherwise provided in this section and except as required  
11 by the Oklahoma Community Economic Development Pooled Finance Act,  
12 the proceeds of any sales tax levied by a county shall be deposited  
13 in the general revenue or sales tax revolving fund of the county and  
14 shall be used only for the purpose for which such sales tax was  
15 designated. If the proceeds of any sales tax levied by a county  
16 pursuant to this section are pledged for the purpose of retiring  
17 indebtedness incurred for the specific purpose for which the sales  
18 tax is imposed, the sales tax shall not be repealed until such time  
19 as the indebtedness is retired. However, in no event shall the life  
20 of the tax be extended beyond the duration approved by the voters of  
21 the county.

22 F. 1. Notwithstanding any other provisions of law, any county  
23 that has approved a sales tax for the construction, support or  
24 operation of a county hospital may continue to collect such tax if

1 such hospital is subsequently sold. Such collection shall only  
2 continue if the county remains indebted for the past construction,  
3 support or operation of such hospital. The collection may continue  
4 only until the debt is repaid or for the stated term of the sales  
5 tax, whichever period is shorter.

6 2. If the construction, support or operation of a hospital is  
7 funded through the levy of a county sales tax pursuant to this  
8 section and such hospital is subsequently sold, the county levying  
9 the tax may dissolve the governing board of such hospital following  
10 the sale. Upon the sale of the hospital and dissolution of any  
11 governing board, the county is relieved of any future liability for  
12 the operation of such hospital.

13 G. Proceeds from any sales tax levied that is designated to be  
14 used solely by the sheriff for the operation of the office of  
15 sheriff shall be placed in the special revenue account of the  
16 sheriff.

17 H. The life of the tax could be limited or unlimited in  
18 duration. The county shall identify the duration of the tax when it  
19 is presented to the voters pursuant to the provisions of subsections  
20 A and C of this section. The maximum duration of a levy imposed  
21 pursuant to Section 891.14 of Title 62 of the Oklahoma Statutes  
22 shall be no longer than allowed pursuant to the Oklahoma Community  
23 Economic Development Pooled Finance Act.



1 I. Except for the levies imposed pursuant to Section 891.14 of  
2 Title 62 of the Oklahoma Statutes, there are hereby created one or  
3 more county sales tax revolving funds in each county which levies a  
4 sales tax under this section if any or all of the proceeds of such  
5 tax are not to be deposited in the general revenue fund of the  
6 county or comply with the provisions of subsection G of this  
7 section. Each such revolving fund shall be designated for a  
8 particular purpose and shall consist of all monies generated by such  
9 sales tax which are designated for such purpose. Monies in such  
10 funds shall only be expended for the purposes specifically  
11 designated as required by this section. A county sales tax  
12 revolving fund shall be a continuing fund not subject to fiscal year  
13 limitations.

14 J. In the case of a levy submitted for voter approval pursuant  
15 to Section 891.14 of Title 62 of the Oklahoma Statutes, taxes levied  
16 by a county shall not become valid until the ordinance or resolution  
17 setting the rate of the levy shall have been approved by a majority  
18 vote of the registered voters of each such county voting on such  
19 question at a special election. Elections conducted pursuant to  
20 questions submitted pursuant to Section 891.14 of Title 62 of the  
21 Oklahoma Statutes shall be conducted on the same date or in a  
22 sequence that provides that the last vote required for approval by  
23 all participating counties or municipalities occurs not later than  
24 thirty (30) days after the date upon which the first vote occurs.

1       SECTION 6.       NEW LAW       A new section of law to be codified

2 in the Oklahoma Statutes as Section 1370.10 of Title 68, unless  
3 there is created a duplication in numbering, reads as follows:

4       A. In accordance with the provisions of this act, any county of  
5 this state with a population of one hundred thousand (100,000) or  
6 less according to the latest Federal Decennial Census may levy a  
7 sales tax not to exceed seventy-five one-hundredths of one percent  
8 (0.75%) upon the gross proceeds or gross receipts derived from all  
9 sales or services in the county upon which a consumer's sales tax is  
10 levied by the state, except as provided in paragraph 8 of Section  
11 1357 of Title 68 of the Oklahoma Statutes, subject to the following  
12 conditions:

13       1. The proceeds of such sales tax shall be used solely for the  
14 purposes provided for in this act; and

15       2. Before a sales tax may be levied by the county, the  
16 imposition of the tax shall first be approved by a majority of the  
17 registered voters of the county voting thereon at a special election  
18 called by resolution of the board of county commissioners.

19       B. The board of county commissioners shall create a limited-  
20 purpose fund and deposit therein any revenue generated by a sales  
21 tax levied pursuant to the provisions of subsection A of this  
22 section. The fund shall be placed in an insured or collateralized  
23 interest-bearing account and the interest which accrues to the fund  
24 shall be retained in the fund. Monies in the limited-purpose fund

1 shall be expended only as accumulated and only for the purposes  
2 specifically authorized by this act.

3 SECTION 7. This act shall become effective November 1, 2024.

4 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT  
5 February 29, 2024 - DO PASS AS AMENDED BY CS  
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