

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2331

By: Boatman

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 2701, which relates to municipal taxation; modifying reference; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2701, is amended to read as follows:

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

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

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

4        3. The provisions of this section shall not be construed to  
5 authorize imposition of any tax upon persons, firms, or corporations  
6 exempted from other taxation under the provisions of Sections 348.1,  
7 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of  
8 payment of taxes imposed under such sections;

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

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

16        6. The governing body of any city or town shall be prohibited  
17 from proposing taxing ordinances more often than three times in any  
18 calendar year, or twice in any six-month period; and

19        7. Any revenues derived from a tax authorized by this  
20 subsection not dedicated to a limited purpose shall be deposited in  
21 the municipal general fund.

22        B. A sales tax authorized in subsection A of this section may  
23 be levied for limited purposes specified in the ordinance levying  
24 the tax. Such ordinance shall be submitted to the voters for

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

21 C. The Oklahoma Tax Commission shall give notice to all vendors  
22 of a rate change at least sixty (60) days prior to the effective  
23 date of the rate change. Provided, for purchases from printed  
24 catalogs wherein the purchaser computed the tax based upon local tax

1 rates published in the catalog, the rate change shall not be  
2 effective until the first day of a calendar quarter after a minimum  
3 of one hundred twenty-days' notice to vendors. Failure to give  
4 notice as required by this section shall delay the effective date of  
5 the rate change to the first day of the next calendar quarter.

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

10 E. If the proceeds of any sales tax levied by a municipality  
11 pursuant to subsection B of this section are being used by the  
12 municipality for the purpose of retiring indebtedness incurred by  
13 the municipality or by a public trust of which the municipality is a  
14 beneficiary for the specific purpose for which the sales tax was  
15 imposed, the sales tax shall not be repealed until such time as the  
16 indebtedness is retired. However, in no event shall the life of the  
17 tax be extended beyond the duration approved by the voters of the  
18 municipality. The provisions of this subsection shall apply to all  
19 sales tax levies imposed by a municipality and being used by the  
20 municipality for the purposes set forth in this subsection prior to  
21 or after July 1, 1995.

22 F. The sale of an article of clothing or footwear designed to  
23 be worn on or about the human body shall be exempt from the sales  
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1 tax imposed by any incorporated city or town, in accordance with and  
2 to the extent set forth in Section 1357.10 of this title.

3 G. Any municipality that levies a dedicated tax pursuant to a  
4 vote of the people for the purpose of funding public safety or any  
5 other governmental purpose shall not redirect all or a portion of  
6 the dedicated tax revenue to another purpose without a vote of the  
7 people authorizing such action.

8 SECTION 2. This act shall become effective November 1, 2023.

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