

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 57th Legislature (2019)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2297

By: Caldwell (Trey) of the
House

and

Montgomery of the Senate

11 COMMITTEE SUBSTITUTE

12 [revenue and taxation - apportionment - General
13 Revenue Fund - Ad Valorem Reimbursement Fund -
14 effective date -

emergency]

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

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2352, as
20 last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp.
21 2018, Section 2352), is amended to read as follows:

22 Section 2352. It is hereby declared to be the purpose of
23 Section 2351 et seq. of this title to provide revenue for general
24 governmental functions of state government; and, for that purpose

1 and to that end, it is expressly declared that the revenue derived
2 herefrom and penalties and interest thereon, subject to the
3 apportionment requirements for the Rebuilding Oklahoma Access and
4 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail
5 Revolving Fund and the Public Transit Revolving Fund to be derived
6 from income tax revenue that would otherwise be apportioned to the
7 General Revenue Fund as provided by Section 1521 of Title 69 of the
8 Oklahoma Statutes, subject to the apportionment requirements for the
9 Oklahoma Tax Commission and Office of Management and Enterprise
10 Services Joint Computer Enhancement Fund provided by Section 265 of
11 this title, and subject to the apportionment requirements for the
12 Oklahoma State Capitol Building Repair and Restoration Fund provided
13 by Section 19 of Title 73 of the Oklahoma Statutes, shall be
14 distributed as follows:

15 1. For the fiscal year beginning July 1, 2002, the first Five
16 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue
17 derived pursuant to the provisions of subsections A, B and E of
18 Section 2355 of this title shall be apportioned to the Education
19 Reform Revolving Fund. The remainder of such revenue for the fiscal
20 year beginning July 1, 2002, and all such revenue for each fiscal
21 year thereafter shall be apportioned monthly as follows:

22 a. (1) the following amounts shall be paid to the State
23 Treasurer to be placed to the credit of the
24 General Revenue Fund of the state for such fiscal

1 year for the support of the state government to
2 be paid out only pursuant to appropriation by the
3 Legislature:

4 Fiscal Year	Amount
5 FY 2003 and FY 2004	87.12%
6 FY 2005	86.91%
7 FY 2006	86.66%
8 FY 2007	86.16%
9 FY 2008 and each fiscal	
10 year thereafter	85.66% <u>82.95%</u>

11 (2) in the event that additional monies are necessary
12 pursuant to paragraph 3 of this section, such
13 additional monies shall be deducted in the
14 proportion determined by the State Board of
15 Equalization pursuant to paragraph 3 of Section
16 2355.1B of this title from the monies apportioned
17 to the General Revenue Fund,

18 b. for FY 2003 and each fiscal year thereafter, eight and
19 thirty-four one-hundredths percent (8.34%) shall be
20 paid to the State Treasurer to be placed to the credit
21 of the Education Reform Revolving Fund,

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:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

d. for FY ~~2003~~ 2020 and each fiscal year thereafter, ~~one percent (1%)~~ three and seventy-one one-hundredths percent (3.71%) 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

1 Oklahoma Tax Commission the time as of which the revenue authorized
2 for apportionment pursuant to this paragraph is no longer required.
3 After the certification, the revenue derived from the income tax
4 shall be apportioned in the manner otherwise provided by this
5 section. Except as otherwise provided by this paragraph, for the
6 fiscal year beginning July 1, 2002, the first Forty-One Million One
7 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of
8 revenue derived pursuant to the provisions of subsections D 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, subject to the apportionment requirements for the
13 Oklahoma Tax Commission and Office of Management and Enterprise
14 Services Joint Computer Enhancement Fund provided by Section 265 of
15 this title, shall be apportioned monthly as follows:

16 a. the following amounts shall be paid to the State
17 Treasurer to be placed to the credit of the General
18 Revenue Fund of the state for such fiscal year for the
19 support of the state government to be paid out only
20 pursuant to appropriation by the Legislature:

21 Fiscal Year	Amount
22 FY 2003 and FY 2004	78.96%
23 FY 2005	78.75%
24 FY 2006	78.50%

1 FY 2007 78.0%

2 (1) FY 2018 and each fiscal year thereafter
3 until the apportionment to the General
4 Revenue Fund equals the moving five-year
5 average amount for corporate income tax
6 as prescribed by paragraph 4 of this
7 section ~~77.50%~~ 74.79%

8 (2) there shall be apportioned from the tax
9 levy imposed on corporate income tax to
10 the Revenue Stabilization Fund created by
11 Section 1 of this act, or to the
12 Constitutional Reserve Fund, as provided
13 by Section 1 of this act, the amount of
14 revenue, if any, which exceeds the moving
15 five-year average amount as defined
16 pursuant to paragraph 4 of this section,

17 b. for FY 2003 and each fiscal year thereafter, sixteen
18 and five-tenths percent (16.5%) shall be paid to the
19 State Treasurer to be placed to the credit of the
20 Education Reform Revolving Fund of the State
21 Department of Education,

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:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

d. for FY ~~2003~~ 2020 and each fiscal year thereafter, ~~one percent (1%)~~ three and seventy-one one-hundredths percent (3.71%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

3. During the first fiscal year after the State Board of Equalization has made a determination as provided in Section 2355.1B of this title, regarding a baseline amount of revenue apportioned pursuant to subparagraph c of paragraph 1 of this section, and for each fiscal year thereafter, in no event shall monies apportioned pursuant to subparagraph c of paragraph 1 of this section, paragraph 3 of Section 1353 of this title and paragraph 3 of Section 1403 of this title be less than such baseline amount; and

4. "Moving five-year average for corporate income tax" means, for purposes of the apportionments prescribed by this section, the amount of income tax on corporations, as determined by the State Board of Equalization in the manner prescribed by Section 2 of this act.

1 SECTION 2. AMENDATORY 62 O.S. 2011, Section 193, as
2 amended by Section 457, Chapter 304, O.S.L. 2012 (62 O.S. Supp.
3 2018, Section 193), is amended to read as follows:

4 Section 193. A. There is hereby created in the State Treasury
5 a revolving fund for the Oklahoma Tax Commission to be designated
6 the "Ad Valorem Reimbursement Fund". The fund shall be a continuing
7 fund, not subject to fiscal year limitations. Monies apportioned to
8 this fund shall be expended:

9 1. To reimburse counties of this state for loss of revenue due
10 to exemptions of ad valorem taxes for new or expanded manufacturing
11 or research and development facilities;

12 2. To reimburse counties of this state for loss of revenue for
13 school district and county purposes due to exemptions granted
14 pursuant to the provisions of Section 2890 of Title 68 of the
15 Oklahoma Statutes; ~~and~~

16 3. To reimburse counties of this state for loss of revenue due
17 to decreased valuation and assessment for buffer strips pursuant to
18 Section 2817.2 of Title 68 of the Oklahoma Statutes; and

19 4. To reimburse counties of this state for loss of revenue due
20 to the exemptions authorized by Sections 8E and 8F of Article X of
21 the Oklahoma Constitution.

22 Provided that it shall be the duty of the Tax Commission to
23 assess the valuation of all property for new or expanded
24

1 manufacturing or research and development facilities which are
2 exempt from ad valorem taxes.

3 Monies apportioned to this fund also may be transferred to other
4 state funds or otherwise expended as directed by the Legislature by
5 law.

6 B. The county commissioners of each county seeking
7 reimbursement for lost revenue from the Ad Valorem Reimbursement
8 Fund shall make claims for reimbursement on forms prescribed by the
9 Tax Commission prior to April 30 of each year. Claims for
10 reimbursement for loss of revenue due to exemptions of ad valorem
11 taxes for new or expanded manufacturing or research and development
12 facilities shall be made separately from claims for reimbursement
13 for loss of revenue for school district and county purposes due to
14 exemptions granted pursuant to the provisions of Section 2890 of
15 Title 68 of the Oklahoma Statutes and separately from claims for
16 reimbursement for loss of revenue for decreased valuation and
17 assessment of buffer strips and from claims for loss of revenue due
18 to the provisions of Sections 8E and 8F of Article X of the Oklahoma
19 Constitution. Provided, the assessed valuation of a school district
20 as stated in the claim for reimbursement shall be the same as
21 reported to the State Department of Education on the Estimate of
22 Need and shall include the total valuation of property exempt from
23 taxation pursuant to Section 2902 of Title 68 of the Oklahoma
24 Statutes. The claims shall be either approved or disapproved in

1 whole or in part by the Tax Commission by June 15 of each year. A
2 claim for reimbursement for loss of revenue due to an exemption of
3 ad valorem taxes for a new or expanded manufacturing or research and
4 development facility shall be disapproved if a county or school
5 district has received any payment in lieu of ad valorem taxes from
6 such facility, to the extent of the amount of such reimbursement.
7 If the Tax Commission determines that an exemption has been
8 erroneously or unlawfully granted, it shall notify the appropriate
9 county assessor who shall immediately value and assess the property
10 and place it on the rolls for ad valorem taxation. Disbursements
11 from the fund shall be made on warrants issued by the State
12 Treasurer against claims filed by the Tax Commission with the Office
13 of Management and Enterprise Services for payment. Such
14 disbursements shall be exempt from all agency expenditure ceilings.
15 The county treasurer shall apportion or disburse such funds for
16 expenditures in the same manner as other ad valorem tax collections.

17 C. In the event monies apportioned to the Ad Valorem
18 Reimbursement Fund are insufficient to pay all claims for
19 reimbursement made pursuant to subsection B of this section, claims
20 for reimbursement for loss of revenue due to exemptions of ad
21 valorem taxes for new or expanded manufacturing or research and
22 development facilities shall be paid first, and any remaining funds
23 shall be distributed proportionally among the counties making claims
24 for reimbursement for loss of revenue for school district and county

1 purposes due to exemptions granted pursuant to the provisions of
2 Section 2890 of Title 68 of the Oklahoma Statutes, according to the
3 amount of the claim made by each county. If any funds remain after
4 paying all claims for reimbursement for loss of revenue due to
5 exemptions of ad valorem taxation for new or expanded manufacturing
6 or research and development facilities and for reimbursement for
7 loss of revenue for school district and county purposes due to
8 exemptions granted pursuant to the provisions of Section 2890 of
9 Title 68 of the Oklahoma Statutes, the remaining funds shall be
10 distributed proportionally among the counties making claims for
11 reimbursement for loss of revenue for decreased valuation and
12 assessment for buffer strips pursuant to Section 2817.2 of Title 68
13 of the Oklahoma Statutes.

14 SECTION 3. This act shall become effective July 1, 2019.

15 SECTION 4. It being immediately necessary for the preservation
16 of the public peace, health or safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval.

19
20 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
21 02/28/2019 - DO PASS, As Amended and Coauthored.
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