

1 ENGROSSED HOUSE
2 BILL NO. 2372

By: Osborn (Leslie) and Wallace
of the House

3 and

4 David and Fields of the
5 Senate

6
7 An Act relating to revenue and taxation; stating
8 purpose; imposing additional tax levy upon
9 cigarettes; specifying amount of additional levy;
10 providing for apportionment of revenues to certain
11 funds; exempting levy from inclusion in determination
12 of certain amounts; requiring certain collections and
13 administration of levy; creating the Health Care
14 Authority Enhancement Fund, the Mental Health and
15 Substance Abuse Services Enhancement Fund, the Human
16 Services Enhancement Fund, the University Hospitals
17 Enhancement Fund, the Oklahoma State University
18 Medical Authority Enhancement Fund, the Health
19 Department Enhancement Fund, and the Health Care
20 Enhancement Fund; exempting funds from fiscal year
21 limitations; identifying funding source; declaring
22 funds appropriated; authorizing appropriation from
23 certain fund; requiring legislative authorization for
24 budgeting and expenditure; requiring certain
budgeting procedures; prohibiting sale of cigarette
excise tax stamps to wholesalers in excess of certain
amount; providing exception; providing for
codification; and providing for noncodification.

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 302-7 of Title 68, unless there
is created a duplication in numbering, reads as follows:

1 A. For the purpose of providing revenue for the support of the
2 functions of state government, in addition to the tax levied in
3 Sections 302, 302-1, 302-2, 302-3, 302-4 and 302-5 of Title 68 of
4 the Oklahoma Statutes, there is hereby levied upon the sale, use,
5 gift, possession or consumption of cigarettes, as defined in
6 Sections 301 through 325 of Title 68 of the Oklahoma Statutes,
7 within this state, a tax at the rate of seventy-five (75) mills per
8 cigarette.

9 B. 1. Except as provided in paragraph 2 of this subsection,
10 the revenue resulting from the additional tax levied in subsection A
11 of this section shall be apportioned as provided in paragraphs 3 and
12 4 of this subsection.

13 2. The net amount of any revenue resulting from a payment in
14 lieu of excise taxes on cigarettes levied by this section, which net
15 amount shall be calculated after deductions for rebates owed
16 pursuant to a compact with a federally recognized Indian tribe or
17 nation, shall be apportioned as provided in paragraphs 3 and 4 of
18 this subsection.

19 3. For the period beginning September 1, 2017, and ending June
20 30, 2018, the resulting revenues as described by paragraphs 1 and 2
21 of this subsection shall be apportioned by the Oklahoma Tax
22 Commission and transmitted to the State Treasurer, who shall deposit
23 the same in the State Treasury to the credit of the following funds
24 in the following percentages:

1 a. the first One Hundred Eighty-five Million Dollars
2 (\$185,000,000.00):

3 (1) fifty percent (50%) to the credit of the Health
4 Care Authority Enhancement Fund, created in
5 Section 2 of this act,

6 (2) twenty-three percent (23%) to the credit of the
7 Mental Health and Substance Abuse Services
8 Enhancement Fund, created in Section 3 of this
9 act,

10 (3) thirteen and five-tenths percent (13.5%) to the
11 credit of the Human Services Enhancement Fund,
12 created in Section 4 of this act,

13 (4) five and four-tenths percent (5.4%) to the credit
14 of the University Hospitals Enhancement Fund,
15 created in Section 5 of this act,

16 (5) five and four-tenths percent (5.4%) to the credit
17 of the Oklahoma State University Medical
18 Authority Enhancement Fund, created in Section 6
19 of this act, and

20 (6) two and seven-tenths percent (2.7%) to the credit
21 of the Health Department Enhancement Fund,
22 created in Section 7 of this act, and

23 b. one hundred percent (100%) resulting revenues in
24 excess of One Hundred Eighty-five Million Dollars

1 (\$185,000,000.00) to the credit of the General Revenue
2 Fund of the state.

3 4. Beginning July 1, 2018, the resulting revenues as described
4 by paragraphs 1 and 2 of this subsection shall be apportioned by the
5 Oklahoma Tax Commission and transmitted to the State Treasurer, who
6 shall deposit the same in the State Treasury to the credit of the
7 following funds in the following amounts:

8 a. the first One Hundred Eighty-five Million Dollars
9 (\$185,000,000.00) each fiscal year to the credit of
10 the Health Care Enhancement Fund created in Section 8
11 of this act, and

12 b. all resulting revenue in excess of One Hundred Eighty-
13 five Million Dollars (\$185,000,000.00) each fiscal
14 year to the credit of the General Revenue Fund of the
15 state.

16 C. No part of the revenues resulting from the additional taxes
17 levied in this section shall be used in determining the amount of
18 cigarette tax collections to be paid into:

19 1. The State of Oklahoma Building Bonds of 1961 Sinking Fund
20 pursuant to the provisions of Sections 57.31 through 57.43 of Title
21 62 of the Oklahoma Statutes;

22 2. The State of Oklahoma Institutional Building Bonds of 1965
23 Sinking Fund pursuant to the provisions of Sections 57.61 through
24 57.73 of Title 62 of the Oklahoma Statutes;

1 3. The State of Oklahoma Institutional Building Bonds of 1965
2 Sinking Fund Series C and Series D pursuant to the provisions of
3 Sections 57.81 through 57.112 of Title 62 of the Oklahoma Statutes;

4 4. The State of Oklahoma Building Bonds of 1968 Sinking Fund
5 pursuant to the provisions of Sections 57.121 through 57.193 of
6 Title 62 of the Oklahoma Statutes; or

7 5. The Oklahoma Building Bonds of 1992 Sinking Fund pursuant to
8 the provisions of Sections 57.300 through 57.313 of Title 62 of the
9 Oklahoma Statutes.

10 D. The cigarette taxes levied in this section shall be
11 collected and administered as provided by law for other cigarette
12 taxes now levied, collected and administered pursuant to the
13 provisions of Sections 301 through 325 of Title 68 of the Oklahoma
14 Statutes.

15 SECTION 2. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 302-7a of Title 68, unless there
17 is created a duplication in numbering, reads as follows:

18 There is hereby created in the State Treasury a fund for the
19 Oklahoma Health Care Authority to be designated the "Health Care
20 Authority Enhancement Fund". The fund shall be a continuing fund,
21 not subject to fiscal year limitations, and shall consist of monies
22 received pursuant to Section 1 of this act and any monies designated
23 to the fund by law. All monies accruing to the credit of the fund
24 are hereby appropriated and may be budgeted and expended by the

1 Oklahoma Health Care Authority as authorized by the Oklahoma
2 Legislature. Expenditures from the fund shall be made upon warrants
3 issued by the State Treasurer against claims filed as prescribed by
4 law with the Director of the Office of Management and Enterprise
5 Services for approval and payment.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 302-7b of Title 68, unless there
8 is created a duplication in numbering, reads as follows:

9 There is hereby created in the State Treasury a fund for the
10 Department of Mental Health and Substance Abuse Services to be
11 designated the "Mental Health and Substance Abuse Services
12 Enhancement Fund". The fund shall be a continuing fund, not subject
13 to fiscal year limitations, and shall consist of monies received
14 pursuant to Section 1 of this act and any monies designated to the
15 fund by law. All monies accruing to the credit of the fund are
16 hereby appropriated and may be budgeted and expended by the
17 Department of Mental Health and Substance Abuse Services as
18 authorized by the Oklahoma Legislature. Expenditures from the fund
19 shall be made upon warrants issued by the State Treasurer against
20 claims filed as prescribed by law with the Director of the Office of
21 Management and Enterprise Services for approval and payment.

22 SECTION 4. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 302-7c of Title 68, unless there
24 is created a duplication in numbering, reads as follows:

1 There is hereby created in the State Treasury a fund for the
2 Department of Human Services to be designated the "Human Services
3 Enhancement Fund". The fund shall be a continuing fund, not subject
4 to fiscal year limitations, and shall consist of monies received
5 pursuant to Section 1 of this act and any monies designated to the
6 fund by law. All monies accruing to the credit of the fund are
7 hereby appropriated and may be budgeted and expended by the
8 Department of Human Services as authorized by the Oklahoma
9 Legislature. Expenditures from the fund shall be made upon warrants
10 issued by the State Treasurer against claims filed as prescribed by
11 law with the Director of the Office of Management and Enterprise
12 Services for approval and payment.

13 SECTION 5. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 302-7d of Title 68, unless there
15 is created a duplication in numbering, reads as follows:

16 There is hereby created in the State Treasury a fund for the
17 University Hospitals Authority to be designated the "University
18 Hospitals Enhancement Fund". The fund shall be a continuing fund,
19 not subject to fiscal year limitations, and shall consist of monies
20 received pursuant to Section 1 of this act and any monies designated
21 to the fund by law. All monies accruing to the credit of the fund
22 are hereby appropriated and may be budgeted and expended by the
23 University Hospitals Authority as authorized by the Oklahoma
24 Legislature. Expenditures from the fund shall be made upon warrants

1 issued by the State Treasurer against claims filed as prescribed by
2 law with the Director of the Office of Management and Enterprise
3 Services for approval and payment.

4 SECTION 6. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 302-7e of Title 68, unless there
6 is created a duplication in numbering, reads as follows:

7 There is hereby created in the State Treasury a fund for the
8 Oklahoma State University Medical Authority to be designated the
9 "Oklahoma State University Medical Authority Enhancement Fund". The
10 fund shall be a continuing fund, not subject to fiscal year
11 limitations, and shall consist of monies received pursuant to
12 Section 1 of this act and any monies designated to the fund by law.
13 All monies accruing to the credit of the fund are hereby
14 appropriated and may be budgeted and expended by the Oklahoma State
15 University Medical Authority as authorized by the Oklahoma
16 Legislature. Expenditures from the fund shall be made upon warrants
17 issued by the State Treasurer against claims filed as prescribed by
18 law with the Director of the Office of Management and Enterprise
19 Services for approval and payment.

20 SECTION 7. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 302-7f of Title 68, unless there
22 is created a duplication in numbering, reads as follows:

23 There is hereby created in the State Treasury a fund for the
24 State Department of Health to be designated the "Health Department

1 Enhancement Fund". The fund shall be a continuing fund, not subject
2 to fiscal year limitations, and shall consist of monies received
3 pursuant to Section 1 of this act and any monies designated to the
4 fund by law. All monies accruing to the credit of the fund are
5 hereby appropriated and may be budgeted and expended by the State
6 Department of Health as authorized by the Oklahoma Legislature.
7 Expenditures from the fund shall be made upon warrants issued by the
8 State Treasurer against claims filed as prescribed by law with the
9 Director of the Office of Management and Enterprise Services for
10 approval and payment.

11 SECTION 8. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 302-7g of Title 68, unless there
13 is created a duplication in numbering, reads as follows:

14 There is hereby created in the State Treasury a fund to be
15 designated the "Health Care Enhancement Fund". The fund shall be a
16 continuing fund, not subject to fiscal year limitations, and shall
17 consist of monies received pursuant to Section 1 of this act and any
18 monies designated to the fund by law. All monies accruing to the
19 credit of the fund shall be appropriated at the discretion of the
20 Legislature for the purpose of enhancing the health of Oklahomans.

21 SECTION 9. NEW LAW A new section of law not to be
22 codified in the Oklahoma Statutes reads as follows:

23 The Oklahoma Tax Commission shall not sell cigarette excise tax
24 stamps to any wholesaler in excess of the amount of the monthly

1 average amount of such excise tax stamps sold to such wholesaler
2 during the preceding calendar year prior to the effective date of
3 Sections 1 and 2 of this act. Provided, the wholesaler may purchase
4 in excess of the monthly average purchased during the preceding
5 calendar year upon documentation, to the Tax Commission's
6 satisfaction, of probable sales greater than the wholesaler's sales
7 in the preceding calendar year.

8 SECTION 10. When considered in the House of Representatives as
9 a revenue-raising measure, on final passage this measure received a
10 majority vote of those elected to and constituting the House of
11 Representatives, but did not receive three-fourths (3/4) majority
12 approval of the membership of the House of Representatives as
13 required by Article V, Section 33 of the Oklahoma Constitution for a
14 measure to become law without being submitted to a vote of the
15 people at the next General Election. Pursuant to Article V, Section
16 33 of the Oklahoma Constitution, upon receiving a majority vote of
17 those elected to and constituting the Senate, there is hereby
18 ordered a referendum which shall be filed with the Secretary of
19 State and addressed to the Governor of the State, who shall submit
20 the same to the people for their approval or rejection at the next
21 General Election.

1 Passed the House of Representatives the 15th day of May, 2017.

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4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2017.

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8 Presiding Officer of the Senate