

# An Act

ENROLLED HOUSE  
BILL NO. 3037

By: Boles, Conley, Roe,  
Crosswhite Hader, Lowe  
(Dick), Davis, and  
Patzkowsky of the House

and

Allen, Paxton, David, and  
Pederson of the Senate

An Act relating to cities and towns; amending 68 O.S. 2021, Section 1353, which relates to apportionment of sales tax revenues; modifying apportionment of sales tax revenue; providing for apportionment to Municipal Road Drilling Activity Revolving Fund; creating the Municipal Road Drilling Activity Revolving Fund; providing for expenditures; prescribing procedures for applications by certain municipalities; requiring matching funds amount; prescribing purpose of allocated funds; providing for review of applications by Oklahoma Department of Transportation; providing for codification; providing an effective date; and declaring an emergency.

SUBJECT: Cities and towns

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1353, is amended to read as follows:

Section 1353. A. It is hereby declared to be the purpose of the Oklahoma Sales Tax Code to provide funds for the financing of the program provided for by the Oklahoma Social Security Act and to provide revenues for the support of the functions of the state government of Oklahoma, and for this purpose it is hereby expressly

provided that, revenues derived pursuant to the provisions of the Oklahoma Sales Tax Code, subject to the apportionment requirements for the Oklahoma Tax Commission and Office of Management and Enterprise Services Joint Computer Enhancement Fund provided by Section 265 of this title, shall be apportioned as follows:

1. Except as provided in subsections C ~~and~~, D, and E of this section, the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%
FY 2005	85.83%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 through FY 2022	83.61%
FY 2023 through FY 2027	83.36%
FY 2028 and each fiscal year thereafter	83.61%;

2. The following amounts shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education:

- a. for FY 2003, FY 2004 and FY 2005, ten and forty-two one-hundredths percent (10.42%),
- b. for FY 2006 through FY 2020, ten and forty-six one-hundredths percent (10.46%),
- c. for FY 2021:
  - (1) for the month beginning July 1, 2020, through the month ending August 31, 2020, ten and forty-six one-hundredths percent (10.46%), and

(2) for the month beginning September 1, 2020, through the month ending June 30, 2021, eleven and ninety-six one-hundredths percent (11.96%),

d. for FY 2022 and each fiscal year thereafter, ten and forty-six one-hundredths percent (10.46%);

3. The following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' 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 through FY 2020	5.0%
FY 2021:	
a. for the month beginning July 1, 2020, through the month ending August 31, 2020	5.0%
b. for the month beginning September 1, 2020, through the month ending June 30, 2021	3.5%
FY 2022	5.0%
FY 2023 through FY 2027	5.25%
FY 2028 and each fiscal year thereafter	5.0%;

4. a. except as otherwise provided in subparagraph b of this paragraph, for the fiscal year beginning July 1, 2015, and for each fiscal year thereafter, eighty-seven one-hundredths percent (0.87%) shall be paid to the State Treasurer to be further apportioned as follows:

- (1) thirty-six percent (36%) shall be placed to the credit of the Oklahoma Tourism Promotion Revolving Fund, but in no event shall such apportionment exceed Five Million Dollars (\$5,000,000.00) in any fiscal year, and
- (2) sixty-four percent (64%) shall be placed to the credit of the Oklahoma Tourism Capital Improvement Revolving Fund, but in no event shall such apportionment exceed Nine Million Dollars (\$9,000,000.00) in any fiscal year, and

- b. any amounts which exceed the limitations of subparagraph a of this paragraph shall be placed to the credit of the General Revenue Fund; and

5. For the fiscal year beginning July 1, 2015, and for each fiscal year thereafter, six one-hundredths percent (0.06%) shall be placed to the credit of the Oklahoma Historical Society Capital Improvement and Operations Revolving Fund, but in no event shall such apportionment exceed the total amount apportioned pursuant to this paragraph for the fiscal year ending on June 30, 2015. Any amounts which exceed the limitations of this paragraph shall be placed to the credit of the General Revenue Fund.

B. Provided, for the fiscal year beginning July 1, 2007, and every fiscal year thereafter, an amount of revenue shall be apportioned to each municipality or county which levies a sales tax subject to the provisions of Section 1357.10 of this title and subsection F of Section 2701 of this title equal to the amount of sales tax revenue of such municipality or county exempted by the provisions of Section 1357.10 of this title and subsection F of Section 2701 of this title. The Oklahoma Tax Commission shall promulgate and adopt rules necessary to implement the provisions of this subsection.

C. From the monies that would otherwise be apportioned to the General Revenue Fund pursuant to subsection A of this section, there shall be apportioned the following amounts:

1. For the month ending August 31, 2019:

- a. Nine Million Six Hundred Thousand Dollars (\$9,600,000.00) to the credit of the State Highway

Construction and Maintenance Fund created in Section 1501 of Title 69 of the Oklahoma Statutes, and

- b. Two Million Dollars (\$2,000,000.00) to the credit of the Oklahoma Railroad Maintenance Revolving Fund created in Section 309 of Title 66 of the Oklahoma Statutes;
2. For the month ending September 30, 2019:
    - a. Twenty Million Dollars (\$20,000,000.00) to the credit of the State Highway Construction and Maintenance Fund created in Section 1501 of Title 69 of the Oklahoma Statutes, and
    - b. Two Million Dollars (\$2,000,000.00) to the credit of the Oklahoma Railroad Maintenance Revolving Fund created in Section 309 of Title 66 of the Oklahoma Statutes;
  3. For the month ending October 31, 2019:
    - a. Twenty Million Dollars (\$20,000,000.00) to the credit of the State Highway Construction and Maintenance Fund created in Section 1501 of Title 69 of the Oklahoma Statutes, and
    - b. Two Million Dollars (\$2,000,000.00) to the credit of the Oklahoma Railroad Maintenance Revolving Fund created in Section 309 of Title 66 of the Oklahoma Statutes;
  4. For the month ending November 30, 2019:
    - a. Twenty Million Dollars (\$20,000,000.00) to the credit of the State Highway Construction and Maintenance Fund created in Section 1501 of Title 69 of the Oklahoma Statutes, and
    - b. Two Million Dollars (\$2,000,000.00) to the credit of the Oklahoma Railroad Maintenance Revolving Fund created in Section 309 of Title 66 of the Oklahoma Statutes; and
  5. For the month ending December 31, 2019:

- a. Twenty Million Dollars (\$20,000,000.00) to the credit of the State Highway Construction and Maintenance Fund created in Section 1501 of Title 69 of the Oklahoma Statutes, and
- b. Two Million Dollars (\$2,000,000.00) to the credit of the Oklahoma Railroad Maintenance Revolving Fund created in Section 309 of Title 66 of the Oklahoma Statutes.

D. For fiscal year 2023, and each subsequent fiscal year, before any other apportionment otherwise required by this section is made to the General Revenue Fund, there shall be apportioned to the State Public Common School Building Equalization Fund an amount, if any, as required pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes, not to exceed the state sales tax generated by medical marijuana sales in the preceding fiscal year as reported by the Oklahoma Tax Commission.

E. For the fiscal year ending June 30, 2023, and for each fiscal year thereafter, after the apportionment required by subsection D of this section, but before any other apportionment to the General Revenue Fund is made, there shall be apportioned to the Municipal Road Drilling Activity Revolving Fund created pursuant to Section 2 of this act the amount of Five Million Dollars (\$5,000,000.00) for use by municipalities to repair roads as prescribed pursuant to the requirements of Section 2 of this act.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 37-501 of Title 11, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Oklahoma Department of Transportation to be designated the "Municipal Road Drilling Activity Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Department of Transportation from the apportionment of sales tax prescribed by subsection E of Section 1353 of Title 68 of the Oklahoma Statutes. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Department of Transportation for the purposes prescribed by and according to the requirements of Section 3 of this act. Expenditures from said fund shall be made upon warrants issued by

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

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 37-502 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. The monies in the Municipal Road Drilling Activity Revolving Fund shall be allocated by the Oklahoma Department of Transportation only to municipalities having a population of less than fifteen thousand (15,000) persons according to the Federal Decennial Census or most recent population estimate to repair damage to municipal roads caused by or reasonably caused by increased use of such roads resulting from oil or gas drilling activity. The damage may be attributable to traffic associated with exploration and drilling activity, completion of an oil or gas well, production from an oil or gas well, servicing during the period of production, repairs or other necessary activity associated with the drilling or production activity, and other actions necessary for the operation or cessation of drilling or production activities.

B. A municipality seeking funds for distribution pursuant to the provisions of Section 2 of this act and this section shall make application to the Oklahoma Department of Transportation on such forms as may be prescribed by the Department for such purpose. The initial application shall be filed not later than May 1, 2023.

C. A municipality shall be required to provide twenty-five percent (25%) of the total project costs in order to be eligible for distribution of funds from the Municipal Road Drilling Activity Revolving Fund.

D. The Department shall review applications in the order in which they are received and shall make distribution of funds based on analysis of considerations of public safety, volume of traffic which contributes to the need for repairs, and such other factors as the Department may determine to be relevant. The initial distribution of funds shall take place not later than October 1, 2023.

E. If the Department determines that the damage to a road has been caused or reasonably has been caused by increased traffic related to oil and gas drilling or production activity as provided by this section, the Department shall transfer the eligible amount

of funds to the municipality for deposit into the municipal general fund or such other public fund as the municipality shall specify in its application.

F. Funds distributed pursuant to the provisions of this section shall only be used by a municipality for the repair of roads according to the requirements of this act and shall not be used to construct a new road unless the damage to an existing road has become extensive enough to require such replacement.

SECTION 4. This act shall become effective July 1, 2022.

SECTION 5. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 9th day of May, 2022.

\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

Passed the Senate the 20th day of April, 2022.

\_\_\_\_\_  
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_