

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 SENATE BILL 1254

By: Quinn

4  
5  
6 AS INTRODUCED

7 An Act relating to gross production tax; amending 68  
8 O.S. 2011, Section 1004, as last amended by Section  
9 3, Chapter 346, O.S.L. 2014, (68 O.S. Supp. 2015,  
10 Section 1004), which relates to apportionment;  
11 setting specified limit on apportionment of revenue  
12 and providing for distribution of amounts in excess  
13 of limit; providing an effective date; and declaring  
14 an emergency.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1004, as  
17 last amended by Section 3, Chapter 346, O.S.L. 2014 (68 O.S. Supp.  
18 2015, Section 1004), is amended to read as follows:

19 Section 1004. A. ~~Beginning July 1, 2002, the~~ The gross  
20 production tax provided for in Section 1001 of this title is hereby  
21 levied and shall be collected and apportioned as follows:

22 1. ~~For~~

23 a. except as otherwise provided in subparagraph b of this  
24 paragraph, for all monies collected from the tax  
levied on asphalt or ores bearing uranium, lead, zinc,  
jack, gold, silver or copper:

1 a.

2 (1) eighty-five and seventy-two one-hundredths  
3 percent (85.72%) shall be paid to the State  
4 Treasurer of the state to be placed in the  
5 General Revenue Fund of the state and used for  
6 the general expense of state government, to be  
7 paid out pursuant to direct appropriation by the  
8 Legislature,

9 b.

10 (2) seven and fourteen one-hundredths percent (7.14%)  
11 of the sum collected from natural gas and/or  
12 casinghead gas or asphalt or ores bearing  
13 uranium, lead, zinc, jack, gold, silver or copper  
14 shall be paid to the various county treasurers to  
15 be credited to the County Highway Fund as  
16 follows: Each county shall receive a  
17 proportionate share of the funds available based  
18 upon the proportion of the total value of  
19 production from such county in the corresponding  
20 month of the preceding year, and

21 c.

22 (3) seven and fourteen one-hundredths percent (7.14%)  
23 shall be allocated to each county as provided for  
24 in subparagraph b of this paragraph and shall be

1 apporportioned, on an average daily attendance per  
2 capita distribution basis, as certified by the  
3 State Superintendent of Public Instruction to the  
4 school districts of the county where such pupils  
5 attend school regardless of residence of such  
6 pupil, provided the school district makes an ad  
7 valorem tax levy of fifteen (15) mills for the  
8 current year and maintains twelve (12) years of  
9 instruction; and

10 b. in no event shall the amount paid pursuant to division  
11 2 of subparagraph a of this paragraph exceed the total  
12 amount paid for the fiscal year ending on June 30,  
13 2013. Any amounts which exceed this limitation shall  
14 be placed to the credit of the General Revenue Fund;

15 2. ~~For~~

16 a. except as otherwise provided in subparagraph b of this  
17 paragraph, for all monies collected from the tax  
18 levied on natural gas and/or casinghead gas at a tax  
19 rate of seven percent (7%) pursuant to the provisions  
20 of subsection B of Section 1001 of this title:

21 ~~a.~~

22 (1) eighty-five and seventy-two one-hundredths  
23 percent (85.72%) shall be paid to the State  
24 Treasurer of the state to be placed in the

1 General Revenue Fund of the state and used for  
2 the general expense of state government, to be  
3 paid out pursuant to direct appropriation by the  
4 Legislature,

5 ~~b.~~

6 (2) seven and fourteen one-hundredths percent (7.14%)  
7 of the sum collected from natural gas and/or  
8 casinghead gas shall be paid to the various  
9 county treasurers to be credited to the County  
10 Highway Fund as follows: Each county shall  
11 receive a proportionate share of the funds  
12 available based upon the proportion of the total  
13 value of production from such county in the  
14 corresponding month of the preceding year, and

15 ~~e.~~

16 (3) seven and fourteen one-hundredths percent (7.14%)  
17 shall be allocated to each county as provided for  
18 in subparagraph b of this paragraph and shall be  
19 apportioned, on an average daily attendance per  
20 capita distribution basis, as certified by the  
21 State Superintendent of Public Instruction to the  
22 school districts of the county where such pupils  
23 attend school regardless of residence of such  
24 pupil, provided the school district makes an ad

1                   valorem tax levy of fifteen (15) mills for the  
2                   current year and maintains twelve (12) years of  
3                   instruction; and

4           b. in no event shall the amount paid pursuant to division  
5           2 of subparagraph a of this paragraph exceed the total  
6           amount paid for the fiscal year ending on June 30,  
7           2013. Any amounts which exceed this limitation shall  
8           be placed to the credit of the General Revenue Fund;

9           3. ~~For~~

10           a. except as otherwise provided in subparagraph b of this  
11           paragraph, for all monies collected from the tax  
12           levied on natural gas and/or casinghead gas at a tax  
13           rate of four percent (4%) pursuant to the provisions  
14           of subsection B of Section 1001 of this title:

15           ~~a.~~

16           (1) seventy-five percent (75%) shall be paid to the  
17           State Treasurer of the state to be placed in the  
18           General Revenue Fund of the state and used for  
19           the general expense of state government, to be  
20           paid out pursuant to direct appropriation by the  
21           Legislature,

22           ~~b.~~

23           (2) twelve and one-half percent (12.5%) of the sum  
24           collected from natural gas and/or casinghead gas

1 shall be paid to the various county treasurers to  
2 be credited to the County Highway Fund as  
3 follows: Each county shall receive a  
4 proportionate share of the funds available based  
5 upon the proportion of the total value of  
6 production from such county in the corresponding  
7 month of the preceding year, and

8 ~~e.~~

9 (3) twelve and one-half percent (12.5%) shall be  
10 allocated to each county as provided for in  
11 subparagraph b of this paragraph and shall be  
12 apportioned, on an average daily attendance per  
13 capita distribution basis, as certified by the  
14 State Superintendent of Public Instruction to the  
15 school districts of the county where such pupils  
16 attend school regardless of residence of such  
17 pupil, provided the school district makes an ad  
18 valorem tax levy of fifteen (15) mills for the  
19 current year and maintains twelve (12) years of  
20 instruction; and

21 b. in no event shall the amount paid pursuant to division  
22 2 of subparagraph a of this paragraph exceed the total  
23 amount paid for the fiscal year ending on June 30,  
24

1                   2013. Any amounts which exceed this limitation shall  
2                   be placed to the credit of the General Revenue Fund;

3           4. ~~For~~

4           a. except as otherwise provided in subparagraph b of this  
5           paragraph, for all monies collected from the tax  
6           levied on natural gas and/or casinghead gas at a tax  
7           rate of one percent (1%) pursuant to the provisions of  
8           subsection B of Section 1001 of this title:

9           ~~a.~~

10           (1) fifty percent (50%) of the sum collected from  
11           natural gas and/or casinghead gas shall be paid  
12           to the various county treasurers to be credited  
13           to the County Highway Fund as follows: Each  
14           county shall receive a proportionate share of the  
15           funds available based upon the proportion of the  
16           total value of production from such county in the  
17           corresponding month of the preceding year, and

18           ~~b.~~

19           (2) fifty percent (50%) shall be allocated to each  
20           county as provided for in subparagraph a of this  
21           paragraph and shall be apportioned, on an average  
22           daily attendance per capita distribution basis,  
23           as certified by the State Superintendent of  
24           Public Instruction to the school districts of the

1 county where such pupils attend school regardless  
2 of residence of such pupil, provided the school  
3 district makes an ad valorem tax levy of fifteen  
4 (15) mills for the current year and maintains  
5 twelve (12) years of instruction; and

6 b. in no event shall the total amount paid pursuant to  
7 division 1 of subparagraph a of this paragraph exceed  
8 the total amount paid for the fiscal year ending on  
9 June 30, 2013. Any amounts which exceed this  
10 limitation shall be placed to the credit of the  
11 General Revenue Fund;

12 5. ~~For~~

13 a. except as otherwise provided in subparagraph b of this  
14 paragraph, for all monies collected from the tax  
15 levied on natural gas and/or casinghead gas at a tax  
16 rate of two percent (2%) pursuant to the provisions of  
17 subparagraph c of paragraph 3 of subsection B of  
18 Section 1001 of this title:

19 ~~a.~~

20 (1) fifty percent (50%) shall be paid to the State  
21 Treasurer to be placed in the General Revenue  
22 Fund of the state and used for the general  
23 expense of state government, to be paid out  
24



1                   pursuant to direct appropriation by the  
2                   Legislature,

3                   ~~b.~~

4                   (2) twenty-five percent (25%) of the sum collected  
5                   from natural gas and/or casinghead gas shall be  
6                   paid to the various county treasurers to be  
7                   credited to the County Highway Fund as follows:  
8                   Each county shall receive a proportionate share  
9                   of the funds available based upon the proportion  
10                  of the total value of production from such county  
11                  in the corresponding month of the preceding year,  
12                  and

13                  ~~e.~~

14                  (3) twenty-five percent (25%) shall be allocated to  
15                  each county as provided for in subparagraph b of  
16                  this paragraph and shall be apportioned on an  
17                  average daily attendance per capita distribution  
18                  basis, as certified by the State Superintendent  
19                  of Public Instruction, to the school districts of  
20                  the county where such pupils attend school  
21                  regardless of residence of such pupil, provided  
22                  the school district makes an ad valorem tax levy  
23                  of fifteen (15) mills for the current year and  
24                  maintains twelve (12) years of instruction; and

1        b. in no event shall the total amount paid pursuant to  
2        division 2 of subparagraph a of this paragraph exceed  
3        the total amount paid for the fiscal year ending on  
4        June 30, 2013. Any amounts which exceed this  
5        limitation shall be placed to the credit of the  
6        General Revenue Fund;

7        6. ~~For~~

8        a. except as otherwise provided in subparagraph b of this  
9        paragraph, for all monies collected from the tax  
10       levied on oil at a tax rate of seven percent (7%)  
11       pursuant to the provisions of subsection B of Section  
12       1001 of this title:

13       ~~a.~~

14       (1) twenty-five and seventy-two one-hundredths  
15       percent (25.72%) shall be paid to the State  
16       Treasurer to be placed in the Common Education  
17       Technology Revolving Fund created in Section  
18       34.90 of Title 62 of the Oklahoma Statutes,

19       ~~b.~~

20       (2) twenty-five and seventy-two one-hundredths  
21       percent (25.72%) shall be paid to the State  
22       Treasurer to be placed in the Higher Education  
23       Capital Revolving Fund created in Section 34.91  
24       of Title 62 of the Oklahoma Statutes,

1 e.

2 (3) twenty-five and seventy-two one-hundredths  
3 percent (25.72%) shall be paid to the State  
4 Treasurer to be placed in the Oklahoma Student  
5 Aid Revolving Fund created in Section 34.92 of  
6 Title 62 of the Oklahoma Statutes,

7 d.

8 (4) three and seven hundred forty-five one-  
9 thousandths percent (3.745%) shall be distributed  
10 to the various counties of the state for deposit  
11 into the County Bridge and Road Improvement Fund  
12 of each county based on a formula developed by  
13 the Department of Transportation and approved by  
14 the Department of Transportation County Advisory  
15 Board created pursuant to Section 302.1 of Title  
16 69 of the Oklahoma Statutes to be used for the  
17 purposes set forth in the County Bridge and Road  
18 Improvement Act. The formula shall be similar to  
19 the formula currently used for the distribution  
20 of monies in the County Bridge Program funds, but  
21 shall also take into consideration the effect of  
22 the terrain and traffic volume as related to  
23 county road improvement and maintenance costs,

24 e.

1           (5) four and twenty-eight one-hundredths percent  
2                           (4.28%) shall be paid to the State Treasurer to  
3                           be apportioned to:

4           ~~(1)~~

5           (a) the following sources and in the following  
6                           amounts through the fiscal year ending June  
7                           30, 2016:

8           ~~(a)~~

9                   i. thirty-three and one-third percent (33  
10   1/3%) to the Oklahoma Tourism and  
11   Recreation Department Capital  
12   Expenditure Revolving Fund created  
13   pursuant to Section 2254.1 of Title 74  
14   of the Oklahoma Statutes,

15           ~~(b)~~

16                   ii. thirty-three and one-third percent (33  
17   1/3%) to the Oklahoma Conservation  
18   Commission Infrastructure Revolving  
19   Fund created pursuant to Section 3-2-  
20   110 of Title 27A of the Oklahoma  
21   Statutes, and

22           ~~(c)~~

23                   iii. thirty-three and one-third percent (33  
24   1/3%) to the Community Water

1 Infrastructure Development Revolving  
2 Fund created pursuant to Section  
3 1085.7A of Title 82 of the Oklahoma  
4 Statutes, and

5 ~~(2)~~

6 (b) the Oklahoma Water Resources Board Rural  
7 Economic Action Plan Water Projects Fund for  
8 the fiscal year beginning July 1, 2016, and  
9 for each fiscal year thereafter,

10 ~~f.~~

11 (6) seven and fourteen one-hundredths percent (7.14%)  
12 of the sum collected from oil shall be paid to  
13 the various county treasurers, to be credited to  
14 the County Highway Fund as follows: Each county  
15 shall receive a proportionate share of the funds  
16 available based upon the proportion of the total  
17 value of production from such county in the  
18 corresponding month of the preceding year,

19 ~~g.~~

20 (7) seven and fourteen one-hundredths percent (7.14%)  
21 shall be allocated to each county as provided in  
22 subparagraph f of this paragraph and shall be  
23 apportioned, on an average daily attendance per  
24 capita distribution basis, as certified by the

1 State Superintendent of Public Instruction, to  
2 the school districts of the county where such  
3 pupils attend school regardless of residence of  
4 such pupil, provided the school district makes an  
5 ad valorem tax levy of fifteen (15) mills for the  
6 current year and maintains twelve (12) years of  
7 instruction, and

8 ~~h.~~

9 (8) five hundred thirty-five one-thousandths percent  
10 (0.535%) of the levy shall be transmitted by the  
11 Oklahoma Tax Commission to the Statewide Circuit  
12 Engineering District Revolving Fund as created in  
13 Section 687.2 of Title 69 of the Oklahoma  
14 Statutes; and

15 b. in no event shall the amounts distributed pursuant to  
16 division (4) and paid pursuant to division (6) of  
17 subparagraph a of this paragraph exceed the amounts  
18 distributed and paid for the fiscal year ending on  
19 June 30, 2013. Any amounts which exceed the  
20 limitations of this subparagraph shall be placed to  
21 the credit of the General Revenue Fund;

22 7. ~~For~~

23 a. except as otherwise provided in subparagraph b of this  
24 paragraph, for all monies collected from the tax

1 levied on oil at a tax rate of four percent (4%)  
2 pursuant to the provisions of subsection B of Section  
3 1001 of this title:

4 ~~a.~~

5 (1) twenty-two and one-half percent (22.5%) shall be  
6 paid to the State Treasurer to be placed in the  
7 Common Education Technology Revolving Fund  
8 created in Section 34.90 of Title 62 of the  
9 Oklahoma Statutes,

10 ~~b.~~

11 (2) twenty-two and one-half percent (22.5%) shall be  
12 paid to the State Treasurer to be placed in the  
13 Higher Education Capital Revolving Fund created  
14 in Section 34.91 of Title 62 of the Oklahoma  
15 Statutes,

16 ~~c.~~

17 (3) twenty-two and one-half percent (22.5%) shall be  
18 paid to the State Treasurer to be placed in the  
19 Oklahoma Student Aid Revolving Fund created in  
20 Section 34.92 of Title 62 of the Oklahoma  
21 Statutes,

22 ~~d.~~

23 (4) three and twenty-eight one-hundredths percent  
24 (3.28%) shall be distributed to the various

1 counties of the state for deposit into the County  
2 Bridge and Road Improvement Fund of each county  
3 based on a formula developed by the Department of  
4 Transportation and approved by the Department of  
5 Transportation County Advisory Board created  
6 pursuant to Section 302.1 of Title 69 of the  
7 Oklahoma Statutes to be used for the purposes set  
8 forth in the County Bridge and Road Improvement  
9 Act. The formula shall be similar to the formula  
10 currently used for the distribution of monies in  
11 the County Bridge Program funds, but shall also  
12 take into consideration the effect of the terrain  
13 and traffic volume as related to county road  
14 improvement and maintenance costs,

15 ~~e.~~

16 (5) three and seventy-five one-hundredths percent  
17 (3.75%) shall be paid to the State Treasurer to  
18 be apportioned to:

19 ~~(1)~~

20 (a) the following sources and in the following  
21 amounts through the fiscal year ending June  
22 30, 2016:

23 ~~(a)~~

24



1 i. thirty-three and one-third percent (33  
2 1/3%) to the Oklahoma Tourism and  
3 Recreation Department Capital  
4 Expenditure Revolving Fund created  
5 pursuant to Section 2254.1 of Title 74  
6 of the Oklahoma Statutes,

7 ~~(b)~~

8 ii. thirty-three and one-third percent (33  
9 1/3%) to the Oklahoma Conservation  
10 Commission Infrastructure Revolving  
11 Fund created pursuant to Section 3-2-  
12 110 of Title 27A of the Oklahoma  
13 Statutes, and

14 ~~(c)~~

15 iii. thirty-three and one-third percent (33  
16 1/3%) to the Community Water  
17 Infrastructure Development Revolving  
18 Fund created pursuant to Section  
19 1085.7A of Title 82 of the Oklahoma  
20 Statutes, and

21 ~~(2)~~

22 (b) the Oklahoma Water Resources Board Rural  
23 Economic Action Plan Water Projects Fund for  
24

1 the fiscal year beginning July 1, 2016, and  
2 for each fiscal year thereafter,

3 ~~f.~~

4 (6) twelve and one-half percent (12.5%) of the sum  
5 collected from oil shall be paid to the various  
6 county treasurers, to be credited to the County  
7 Highway Fund as follows: Each county shall  
8 receive a proportionate share of the funds  
9 available based upon the proportion of the total  
10 value of production from such county in the  
11 corresponding month of the preceding year,

12 ~~g.~~

13 (7) twelve and one-half percent (12.5%) shall be  
14 allocated to each county as provided in  
15 subparagraph f of this paragraph and shall be  
16 apportioned on an average daily attendance per  
17 capita distribution basis, as certified by the  
18 State Superintendent of Public Instruction, to  
19 the school districts of the county where such  
20 pupils attend school regardless of residence of  
21 such pupil, provided the school district makes an  
22 ad valorem tax levy of fifteen (15) mills for the  
23 current year and maintains twelve (12) years of  
24 instruction, and

1 ~~h.~~

2 (8) forty-seven one-hundredths percent (0.47%) of the  
3 levy shall be transmitted by the Tax Commission  
4 to the Statewide Circuit Engineering District  
5 Revolving Fund as created in Section 687.2 of  
6 Title 69 of the Oklahoma Statutes;

7 b. in no event shall the amounts distributed pursuant to  
8 divisions (4), (5), (6) and (8) of subparagraph a of  
9 this paragraph exceed the amounts distributed and paid  
10 for the fiscal year ending on June 30, 2013. Any  
11 amounts which exceed the limitations of this  
12 subparagraph shall be placed to the credit of the  
13 General Revenue Fund;

14 8. ~~For~~

15 a. except as otherwise provided in subparagraph b of this  
16 paragraph, for all monies collected from the tax  
17 levied on oil at a tax rate of one percent (1%)  
18 pursuant to the provisions of subsection B of Section  
19 1001 of this title:

20 ~~a.~~

21 (1) fifty percent (50%) of the sum collected shall be  
22 paid to the various county treasurers, to be  
23 credited to the County Highway Fund as follows:  
24 Each county shall receive a proportionate share

1 of the funds available based upon the proportion  
2 of the total value of production from such county  
3 in the corresponding month of the preceding year,  
4 and

5 ~~b.~~

6 (2) fifty percent (50%) shall be allocated to each  
7 county as provided for in subparagraph a of this  
8 paragraph and shall be apportioned on an average  
9 daily attendance per capita distribution basis,  
10 as certified by the State Superintendent of  
11 Public Instruction, to the school districts of  
12 the county where such pupils attend school  
13 regardless of residence of such pupil, provided  
14 the school district makes an ad valorem tax levy  
15 of fifteen (15) mills for the current year and  
16 maintains twelve (12) years of instruction; and

17 b. in no event shall the amounts paid pursuant to  
18 division (1) of subparagraph a of this paragraph  
19 exceed the amounts distributed and paid for the fiscal  
20 year ending on June 30, 2015. Any amounts which  
21 exceed the limitations of this subparagraph shall be  
22 placed to the credit of the General Revenue Fund;

23 9. ~~For~~

24

1            a.    except as otherwise provided in subparagraph b of this  
2                    paragraph, for all monies collected from the tax  
3                    levied on oil at a tax rate of two percent (2%)  
4                    pursuant to the provisions of subparagraph c of  
5                    paragraph 3 of subsection B of Section 1001 of this  
6                    title:

7            ~~a.~~

8                    (1)    fifty percent (50%) shall be paid to the State  
9                    Treasurer to be placed in the General Revenue  
10                    Fund of the state and used for the general  
11                    expense of state government, to be paid out  
12                    pursuant to direct appropriation by the  
13                    Legislature,

14            ~~b.~~

15                    (2)    twenty-five percent (25%) of the sum collected  
16                    from oil shall be paid to the various county  
17                    treasurers, to be credited to the County Highway  
18                    Fund as follows: Each county shall receive a  
19                    proportionate share of the funds available based  
20                    upon the proportion of the total value of  
21                    production from such county in the corresponding  
22                    month of the preceding year, and

23            ~~c.~~

1           (3) twenty-five percent (25%) shall be allocated to  
2           each county as provided in subparagraph b of this  
3           paragraph and shall be apportioned on an average  
4           daily attendance per capita distribution basis,  
5           as certified by the State Superintendent of  
6           Public Instruction, to the school districts of  
7           the county where such pupils attend school  
8           regardless of residence of such pupil, provided  
9           the school district makes an ad valorem tax levy  
10          of fifteen (15) mills for the current year and  
11          maintains twelve (12) years of instruction; and

12          b. in no event shall the amounts paid pursuant to  
13          division (2) of subparagraph a of this paragraph  
14          exceed the amounts distributed and paid for the fiscal  
15          year ending on June 30, 2013. Any amounts which  
16          exceed this limitation shall be placed to the credit  
17          of the General Revenue Fund.

18          B. Provided, notwithstanding any other provision of this  
19          section, the total amounts deposited to the Common Education  
20          Technology Revolving Fund, the Higher Education Capital Revolving  
21          Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic  
22          Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation  
23          Department Capital Expenditure Revolving Fund, the Oklahoma  
24          Conservation Commission Infrastructure Revolving Fund and the

1 Community Water Infrastructure Development Revolving Fund pursuant  
2 to paragraphs 6 and 7 of subsection A of this section shall not  
3 exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any  
4 fiscal year. Except as otherwise provided in this subsection, all  
5 sums in excess of One Hundred Fifty Million Dollars  
6 (\$150,000,000.00) in any fiscal year which would otherwise be  
7 deposited in such funds shall be apportioned by the Oklahoma Tax  
8 Commission to the General Revenue Fund of the state.

9 SECTION 2. This act shall become effective July 1, 2016.

10 SECTION 3. It being immediately necessary for the preservation  
11 of the public peace, health and safety, an emergency is hereby  
12 declared to exist, by reason whereof this act shall take effect and  
13 be in full force from and after its passage and approval.

14

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