

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 188

By: Stanislawski

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5  
6 AS INTRODUCED

7 An Act relating to municipal taxation; amending 68  
8 O.S. 2011, Section 2701, which relates to  
9 authorization for municipal taxation; clarifying  
10 limitation on authority of cities and towns to levy  
11 ad valorem taxes; and providing conditional effective  
12 date.

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

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2701, is  
14 amended to read as follows:

15 Section 2701. A. Any incorporated city or town in this state  
16 is hereby authorized to assess, levy, and collect taxes for general  
17 and special purposes of municipal government as the Legislature may  
18 levy and collect for purposes of state government, subject to the  
19 provisions of subsection F of this section, except ad valorem  
20 property taxes, which may be levied pursuant only to the provisions  
21 of Article X of the Oklahoma Constitution. Provided:

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

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

6 3. The provisions of this section shall not be construed to  
7 authorize imposition of any tax upon persons, firms, or corporations  
8 exempted from other taxation under the provisions of Sections 348.1,  
9 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of  
10 payment of taxes imposed under such sections;

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

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

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

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

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

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1 C. The Oklahoma Tax Commission shall give notice to all vendors  
2 of a rate change at least sixty (60) days prior to the effective  
3 date of the rate change. Provided, for purchases from printed  
4 catalogs wherein the purchaser computed the tax based upon local tax  
5 rates published in the catalog, the rate change shall not be  
6 effective until the first day of a calendar quarter after a minimum  
7 of one hundred twenty (120) days' notice to vendors. Failure to  
8 give notice as required by this section shall delay the effective  
9 date of the rate change to the first day of the next calendar  
10 quarter.

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

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

1 municipality for the purposes set forth in this subsection prior to  
2 or after July 1, 1995.

3 F. The sale of an article of clothing or footwear designed to  
4 be worn on or about the human body shall be exempt from the sales  
5 tax imposed by any incorporated city or town, in accordance with and  
6 to the extent set forth in ~~Section 3 of this act~~ Section 1357.10 of  
7 this title.

8 SECTION 2. This act shall become effective upon certification  
9 of election returns favoring passage of the Constitutional Amendment  
10 proposed in Senate Joint Resolution No. \_\_\_ of the 1st Session of the  
11 56th Oklahoma Legislature.

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