

1 **SENATE FLOOR VERSION**

2 February 12, 2019

3 **AS AMENDED**

4 SENATE BILL NO. 427

5 By: Bice

6 [gross production tax - property exempt from ad
7 valorem taxation - apportionment - effective date]
8

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

10 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1001.1, as
11 amended by Section 2, Chapter 401, O.S.L. 2013 (68 O.S. Supp. 2018,
12 Section 1001.1), is amended to read as follows:

13 Section 1001.1. The Oklahoma Tax Commission shall adopt rules
14 and regulations which establish guidelines for the determination of
15 property exempt from ad valorem taxation pursuant to the provisions
16 of ~~subsections S and T~~ subsections G and H of Section 1001 of this
17 title. Said guidelines shall include, but are not limited to, the
18 following:

19 1. "Producing leases" means wells or leases or production units
20 which have had production during any of the previous three (3)
21 calendar years which is subject to the gross production tax levied
22 by Section 1001 of this title and which have not been abandoned or
23 required to be plugged as required by law on or before January 1 of
24 the year for which the assessment or valuation is made;

1 2. "Payment of gross production tax" means payment of the tax
2 levied by Section 1001 of this title on production during any of the
3 three (3) calendar years immediately prior to January 1 of the year
4 for which the assessment or valuation is made; and

5 3. Property exempt from ad valorem tax pursuant to the
6 provisions of ~~subsections S and T~~ subsections G and H of Section
7 1001 of this title shall include, but is not limited to, lease
8 production tanks, lease production meters, and disposal systems,
9 including all materials and equipment of disposal systems and the
10 lines transporting the waste materials, serving one or more wells,
11 which are not for commercial purposes. Provided, the exemption
12 shall include the wellbore and non-recoverable down-hole material,
13 including casing, actually used in the commercial disposal of waste
14 materials produced with such oil or gas. Such exempt property shall
15 remain exempt as long as the property is essential to the production
16 of oil and gas in commercial quantities. The county assessor shall
17 be notified when such property becomes nonexempt.

18 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1004, as
19 last amended by Section 8, Chapter 8, 2nd Extraordinary Session,
20 O.S.L. 2018 (68 O.S. Supp. 2018, Section 1004), is amended to read
21 as follows:

22 Section 1004. A. As used in this section:

23 1. "Moving five-year average amount for gas" means, for
24 purposes of the apportionments prescribed by this section, the

1 amount of gross production tax on natural gas collected for each of
2 the five (5) complete fiscal years, as computed by the State Board
3 of Equalization pursuant to Section 34.103 of Title 62 of the
4 Oklahoma Statutes; and

5 2. "Moving five-year average amount for oil" means, for
6 purposes of the apportionments prescribed by this section, the
7 amount of gross production tax on oil collected for each of the five
8 (5) complete fiscal years, as computed by the State Board of
9 Equalization pursuant to Section 34.103 of Title 62 of the Oklahoma
10 Statutes.

11 B. Beginning July 1, 2017, the gross production tax provided
12 for in Section 1001 of this title is hereby levied and shall be
13 collected and apportioned as follows:

14 1. For all monies collected from the tax levied on asphalt or
15 ores bearing uranium, lead, zinc, jack, gold, silver or copper:

16 a. eighty-five and seventy-two one-hundredths percent
17 (85.72%) shall be paid to the State Treasurer of the
18 state to be placed in the General Revenue Fund of the
19 state and used for the general expense of state
20 government, to be paid out pursuant to direct
21 appropriation by the Legislature,

22 b. seven and fourteen one-hundredths percent (7.14%) of
23 the sum collected from natural gas and/or casinghead
24 gas or asphalt or ores bearing uranium, lead, zinc,

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

8 c. seven and fourteen one-hundredths percent (7.14%)
9 shall be allocated to each county as provided for in
10 subparagraph b of this paragraph and shall be
11 apportioned, on an average daily attendance per capita
12 distribution basis, as certified by the State
13 Superintendent of Public Instruction to the school
14 districts of the county where such pupils attend
15 school regardless of residence of such pupil, provided
16 the school district makes an ad valorem tax levy of
17 fifteen (15) mills for the current year and maintains
18 twelve (12) years of instruction;

19 2. For all monies collected from the tax levied on natural gas
20 and/or casinghead gas at a tax rate of seven percent (7%) pursuant
21 to the provisions of subsection B of Section 1001 of this title:

22 a. after the total revenue apportioned to the General
23 Revenue Fund as prescribed by subparagraph b of this
24 paragraph equals the moving five-year average amount

1 for gas as defined by paragraph 1 of subsection A of
2 this section, there shall be apportioned from the
3 gross production tax levy imposed pursuant to Section
4 1001 of this title on natural gas and/or casinghead
5 gas to the Revenue Stabilization Fund created by
6 Section 34.102 of Title 62 of the Oklahoma Statutes,
7 the amount of revenue, if any, which exceeds the
8 moving five-year average amount for gas as defined
9 pursuant to paragraph 1 of subsection A of this
10 section,

11 b. until the apportionment to the General Revenue Fund
12 equals the moving five-year average amount for gas as
13 prescribed by paragraph 1 of subsection A of this
14 section, eighty-five and seventy-two one-hundredths
15 percent (85.72%) shall be paid to the State Treasurer
16 of the state to be placed in the General Revenue Fund
17 of the state and used for the general expense of state
18 government, to be paid out pursuant to direct
19 appropriation by the Legislature,

20 c. before any other apportionment of revenue has been
21 made pursuant to this paragraph, seven and fourteen
22 one-hundredths percent (7.14%) of the sum collected
23 from natural gas and/or casinghead gas shall be paid
24 to the various county treasurers to be credited to the

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

6 d. before any other apportionment of revenue has been
7 made pursuant to this paragraph, seven and fourteen
8 one-hundredths percent (7.14%) shall be allocated to
9 each county as provided for in subparagraph c of this
10 paragraph and shall be apportioned, on an average
11 daily attendance per capita distribution basis, as
12 certified by the State Superintendent of Public
13 Instruction to the school districts of the county
14 where such pupils attend school regardless of
15 residence of such pupil, provided the school district
16 makes an ad valorem tax levy of fifteen (15) mills for
17 the current year and maintains twelve (12) years of
18 instruction;

19 3. For all monies collected from the tax levied on natural gas
20 and/or casinghead gas at a tax rate of four percent (4%) pursuant to
21 the provisions of ~~subsections B and E~~ subsection B of Section 1001
22 of this title:

23 a. after the total revenue apportioned to the General
24 Revenue Fund as prescribed by subparagraph b of this

1 paragraph equals the moving five-year average amount
2 for gas as defined by paragraph 1 of subsection A of
3 this section, there shall be apportioned from the
4 gross production tax levy imposed pursuant to Section
5 1001 of this title on natural gas and/or casinghead
6 gas to the Revenue Stabilization Fund created pursuant
7 to Section 34.102 of Title 62 of the Oklahoma
8 Statutes, the amount of revenue, if any, which exceeds
9 the moving five-year average amount for gas as defined
10 pursuant to paragraph 1 of subsection A of this
11 section,

12 b. until the apportionment to the General Revenue Fund
13 equals the moving five-year average amount for gas as
14 prescribed by paragraph 1 of subsection A of this
15 section, seventy-five percent (75%) shall be paid to
16 the State Treasurer of the state to be placed in the
17 General Revenue Fund of the state and used for the
18 general expense of state government, to be paid out
19 pursuant to direct appropriation by the Legislature,

20 c. before any other apportionment of revenue has been
21 made pursuant to this paragraph, twelve and one-half
22 percent (12.5%) of the sum collected from natural gas
23 and/or casinghead gas shall be paid to the various
24 county treasurers to be credited to the County Highway

1 Fund as follows: Each county shall receive a
2 proportionate share of the funds available based upon
3 the proportion of the total value of production from
4 such county in the corresponding month of the
5 preceding year, and

- 6 d. before any other apportionment of revenue has been
7 made pursuant to this paragraph, twelve and one-half
8 percent (12.5%) shall be allocated to each county as
9 provided for in subparagraph c of this paragraph and
10 shall be apportioned, on an average daily attendance
11 per capita distribution basis, as certified by the
12 State Superintendent of Public Instruction to the
13 school districts of the county where such pupils
14 attend school regardless of residence of such pupil,
15 provided the school district makes an ad valorem tax
16 levy of fifteen (15) mills for the current year and
17 maintains twelve (12) years of instruction;

18 4. For all monies collected from the tax levied on natural gas
19 and/or casinghead gas at a tax rate of one percent (1%) pursuant to
20 the provisions of subsection B of Section 1001 of this title:

- 21 a. fifty percent (50%) of the sum collected from natural
22 gas and/or casinghead gas shall be paid to the various
23 county treasurers to be credited to the County Highway
24 Fund as follows: Each county shall receive a

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

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

15 5. For all monies collected from the tax levied on natural gas
16 and/or casinghead gas at a tax rate of two percent (2%) pursuant to
17 the provisions of ~~subparagraph e~~ of paragraph 3 of subsection B of
18 Section 1001 of this title:

- 19 a. after the total revenue apportioned to the General
20 Revenue Fund as prescribed by subparagraph b of this
21 paragraph equals the moving five-year average amount
22 for gas as defined by paragraph 1 of subsection A of
23 this section, there shall be apportioned from the
24 gross production tax levy imposed pursuant to Section

1 1001 of this title on gas to the Revenue Stabilization
2 Fund created by Section 34.102 of Title 62 of the
3 Oklahoma Statutes, the amount of revenue, if any,
4 which exceeds the moving five-year average amount for
5 natural gas and/or casinghead gas as defined pursuant
6 to paragraph 1 of subsection A of this section,

7 b. until the apportionment to the General Revenue Fund
8 equals the moving five-year average amount for gas as
9 prescribed by paragraph 1 of subsection A of this
10 section, fifty percent (50%) shall be paid to the
11 State Treasurer to be placed in the General Revenue
12 Fund of the state and used for the general expense of
13 state government, to be paid out pursuant to direct
14 appropriation by the Legislature,

15 c. before any other apportionment of revenue has been
16 made pursuant to this paragraph, twenty-five percent
17 (25%) of the sum collected from natural gas and/or
18 casinghead gas shall be paid to the various county
19 treasurers to be credited to the County Highway Fund
20 as follows: Each county shall receive a proportionate
21 share of the funds available based upon the proportion
22 of the total value of production from such county in
23 the corresponding month of the preceding year, and
24

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

13 6. For all monies collected from the tax levied on oil at a tax
14 rate of seven percent (7%) pursuant to the provisions of subsection
15 B of Section 1001 of this title:

16 a. there shall be apportioned from the gross production
17 tax levy imposed pursuant to Section 1001 of this
18 title on oil to the Revenue Stabilization Fund created
19 by Section 34.102 of Title 62 of the Oklahoma
20 Statutes, after the applicable maximum amount
21 prescribed by subsection C of this section has been
22 deposited to the funds therein specified, the amount
23 of revenue, if any, which would otherwise be
24 apportioned to the General Revenue Fund and which

1 exceeds the moving five-year average amount for oil as
2 defined pursuant to paragraph 2 of subsection A of
3 this section,

4 b. before any other apportionment of revenue has been
5 made pursuant to this paragraph, twenty-five and
6 seventy-two one-hundredths percent (25.72%) shall be
7 paid to the State Treasurer to be placed in the Common
8 Education Technology Revolving Fund created in Section
9 34.90 of Title 62 of the Oklahoma Statutes,

10 c. before any other apportionment of revenue has been
11 made pursuant to this paragraph, twenty-five and
12 seventy-two one-hundredths percent (25.72%) shall be
13 paid to the State Treasurer to be placed in the Higher
14 Education Capital Revolving Fund created in Section
15 34.91 of Title 62 of the Oklahoma Statutes,

16 d. before any other apportionment of revenue has been
17 made pursuant to this paragraph, twenty-five and
18 seventy-two one-hundredths percent (25.72%) shall be
19 paid to the State Treasurer to be placed in the
20 Oklahoma Student Aid Revolving Fund created in Section
21 34.92 of Title 62 of the Oklahoma Statutes,

22 e. before any other apportionment of revenue has been
23 made pursuant to this paragraph, three and seven
24 hundred forty-five one-thousandths percent (3.745%)

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

15 f. before any other apportionment of revenue has been
16 made pursuant to this paragraph, four and twenty-eight
17 one-hundredths percent (4.28%) shall be paid to the
18 State Treasurer to be apportioned to:

19 (1) the following sources and in the following
20 amounts through the fiscal year ending June 30,
21 2019:

22 (a) thirty-three and one-third percent (33 1/3%)
23 to the Oklahoma Tourism and Recreation
24 Department Capital Expenditure Revolving

1 Fund created pursuant to Section 2254.1 of
2 Title 74 of the Oklahoma Statutes,

3 (b) thirty-three and one-third percent (33 1/3%)
4 to the Oklahoma Conservation Commission
5 Infrastructure Revolving Fund created
6 pursuant to Section 3-2-110 of Title 27A of
7 the Oklahoma Statutes, and

8 (c) thirty-three and one-third percent (33 1/3%)
9 to the Community Water Infrastructure
10 Development Revolving Fund created pursuant
11 to Section 1085.7A of Title 82 of the
12 Oklahoma Statutes, and

13 (2) the Oklahoma Water Resources Board Rural Economic
14 Action Plan Water Projects Fund for the fiscal
15 year beginning July 1, 2019, and for each fiscal
16 year thereafter,

17 g. before any other apportionment of revenue has been
18 made pursuant to this paragraph, seven and fourteen
19 one-hundredths percent (7.14%) of the sum collected
20 from oil shall be paid to the various county
21 treasurers, to be credited to the County Highway Fund
22 as follows: Each county shall receive a proportionate
23 share of the funds available based upon the proportion
24

- 1 of the total value of production from such county in
2 the corresponding month of the preceding year,
- 3 h. before any other apportionment of revenue has been
4 made pursuant to this paragraph, seven and fourteen
5 one-hundredths percent (7.14%) shall be allocated to
6 each county as provided in subparagraph g of this
7 paragraph and shall be apportioned, on an average
8 daily attendance per capita distribution basis, as
9 certified by the State Superintendent of Public
10 Instruction, to the school districts of the county
11 where such pupils attend school regardless of
12 residence of such pupil, provided the school district
13 makes an ad valorem tax levy of fifteen (15) mills for
14 the current year and maintains twelve (12) years of
15 instruction, and
- 16 i. before any other apportionment of revenue has been
17 made pursuant to this paragraph, five hundred thirty-
18 five one-thousandths percent (0.535%) of the levy
19 shall be transmitted by the Oklahoma Tax Commission to
20 the Statewide Circuit Engineering District Revolving
21 Fund as created in Section 687.2 of Title 69 of the
22 Oklahoma Statutes;

1 7. For all monies collected from the tax levied on oil at a tax
2 rate of four percent (4%) pursuant to the provisions of ~~subsections~~
3 ~~B and E~~ subsection B of Section 1001 of this title:

4 a. there shall be apportioned from the gross production
5 tax levy imposed pursuant to Section 1001 of this
6 title on oil to the Revenue Stabilization Fund created
7 by Section 34.102 of Title 62 of the Oklahoma
8 Statutes, after the applicable maximum amount
9 prescribed by subsection C of this section has been
10 deposited to the funds therein specified, the amount
11 of revenue, if any, which would otherwise be
12 apportioned to the General Revenue Fund and which
13 exceeds the moving five-year average amount for oil as
14 defined pursuant to paragraph 2 of subsection A of
15 this section,

16 b. before any other apportionment of revenue has been
17 made pursuant to this paragraph, twenty-two and one-
18 half percent (22.5%) shall be paid to the State
19 Treasurer to be placed in the Common Education
20 Technology Revolving Fund created in Section 34.90 of
21 Title 62 of the Oklahoma Statutes,

22 c. before any other apportionment of revenue has been
23 made pursuant to this paragraph, twenty-two and one-
24 half percent (22.5%) shall be paid to the State

1 Treasurer to be placed in the Higher Education Capital
2 Revolving Fund created in Section 34.91 of Title 62 of
3 the Oklahoma Statutes,

4 d. before any other apportionment of revenue has been
5 made pursuant to this paragraph, twenty-two and one-
6 half percent (22.5%) shall be paid to the State
7 Treasurer to be placed in the Oklahoma Student Aid
8 Revolving Fund created in Section 34.92 of Title 62 of
9 the Oklahoma Statutes,

10 e. before any other apportionment of revenue has been
11 made pursuant to this paragraph, three and twenty-
12 eight one-hundredths percent (3.28%) shall be
13 distributed to the various counties of the state for
14 deposit into the County Bridge and Road Improvement
15 Fund of each county based on a formula developed by
16 the Department of Transportation and approved by the
17 Department of Transportation County Advisory Board
18 created pursuant to Section 302.1 of Title 69 of the
19 Oklahoma Statutes to be used for the purposes set
20 forth in the County Bridge and Road Improvement Act.
21 The formula shall be similar to the formula currently
22 used for the distribution of monies in the County
23 Bridge Program funds, but shall also take into
24 consideration the effect of the terrain and traffic

1 volume as related to county road improvement and
2 maintenance costs,

3 f. before any other apportionment of revenue has been
4 made pursuant to this paragraph, three and seventy-
5 five one-hundredths percent (3.75%) shall be paid to
6 the State Treasurer to be apportioned to:

7 (1) the following sources and in the following
8 amounts through the fiscal year ending June 30,
9 2019:

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

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

20 (c) thirty-three and one-third percent (33 1/3%)
21 to the Community Water Infrastructure
22 Development Revolving Fund created pursuant
23 to Section 1085.7A of Title 82 of the
24 Oklahoma Statutes, and

1 (2) the Oklahoma Water Resources Board Rural Economic
2 Action Plan Water Projects Fund for the fiscal
3 year beginning July 1, 2019, and for each fiscal
4 year thereafter,

5 g. before any other apportionment of revenue has been
6 made pursuant to this paragraph, twelve and one-half
7 percent (12.5%) of the sum collected from oil shall be
8 paid to the various county treasurers, to be credited
9 to the County Highway Fund as follows: Each county
10 shall receive a proportionate share of the funds
11 available based upon the proportion of the total value
12 of production from such county in the corresponding
13 month of the preceding year,

14 h. before any other apportionment of revenue has been
15 made pursuant to this paragraph, twelve and one-half
16 percent (12.5%) shall be allocated to each county as
17 provided in subparagraph g of this paragraph and shall
18 be apportioned on an average daily attendance per
19 capita distribution basis, as certified by the State
20 Superintendent of Public Instruction, to the school
21 districts of the county where such pupils attend
22 school regardless of residence of such pupil, provided
23 the school district makes an ad valorem tax levy of
24

1 fifteen (15) mills for the current year and maintains
2 twelve (12) years of instruction, and

- 3 i. before any other apportionment of revenue has been
4 made pursuant to this paragraph, forty-seven one-
5 hundredths percent (0.47%) of the levy shall be
6 transmitted by the Tax Commission to the Statewide
7 Circuit Engineering District Revolving Fund as created
8 in Section 687.2 of Title 69 of the Oklahoma Statutes;

9 8. For all monies collected from the tax levied on oil at a tax
10 rate of one percent (1%) pursuant to the provisions of subsection B
11 of Section 1001 of this title:

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

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

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

5 9. For all monies collected from the tax levied on oil at a tax
6 rate of two percent (2%) pursuant to the provisions of ~~subparagraph~~
7 ~~e of~~ paragraph 3 of subsection B of Section 1001 of this title:

8 a. there shall be apportioned from the gross production
9 tax levy imposed pursuant to Section 1001 of this
10 title on oil to the Revenue Stabilization Fund created
11 by Section 34.102 of Title 62 of the Oklahoma
12 Statutes, the amount of revenue, if any, which exceeds
13 the moving five-year average amount for oil as defined
14 pursuant to paragraph 2 of subsection A of this
15 section,

16 b. until the apportionment to the General Revenue Fund
17 equals the moving five-year average amount for oil as
18 prescribed by paragraph 2 of subsection A of this
19 section, fifty percent (50%) shall be paid to the
20 State Treasurer to be placed in the General Revenue
21 Fund of the state and used for the general expense of
22 state government, to be paid out pursuant to direct
23 appropriation by the Legislature,
24

1 c. before any other apportionment of revenue has been
2 made pursuant to this paragraph, twenty-five percent
3 (25%) of the sum collected from oil shall be paid to
4 the various county treasurers, to be credited to the
5 County Highway Fund as follows: Each county shall
6 receive a proportionate share of the funds available
7 based upon the proportion of the total value of
8 production from such county in the corresponding month
9 of the preceding year, and

10 d. before any other apportionment of revenue has been
11 made pursuant to this paragraph, twenty-five percent
12 (25%) shall be allocated to each county as provided in
13 subparagraph c of this paragraph and shall be
14 apportioned on an average daily attendance per capita
15 distribution basis, as certified by the State
16 Superintendent of Public Instruction, to the school
17 districts of the county where such pupils attend
18 school regardless of residence of such pupil, provided
19 the school district makes an ad valorem tax levy of
20 fifteen (15) mills for the current year and maintains
21 twelve (12) years of instruction;

22 10. On or after ~~the effective date of this act~~ June 28, 2018,
23 the gross production tax levied on natural gas or casinghead gas at
24 the rate of five percent (5%) provided for in paragraph 3 of

1 subsection B of Section 1001 of this title shall be apportioned as
2 follows:

3 a. after the total revenue apportioned to the General
4 Revenue Fund as prescribed by subparagraph b of this
5 paragraph equals the moving five-year average amount
6 for gas as defined by paragraph 1 of subsection A of
7 this section, there shall be apportioned from the
8 gross production tax levy imposed pursuant to Section
9 1001 of this title on natural gas and/or casinghead
10 gas to the Revenue Stabilization Fund created pursuant
11 to Section 34.102 of Title 62 of the Oklahoma
12 Statutes, the amount of revenue, if any, which exceeds
13 the moving five-year average amount for gas as defined
14 pursuant to paragraph 1 of subsection A of this
15 section,

16 b. until the apportionment to the General Revenue Fund
17 equals the moving five-year average amount for gas as
18 prescribed by paragraph 1 of subsection A of this
19 section, eighty percent (80%) shall be paid to the
20 State Treasurer of the state to be placed in the
21 General Revenue Fund of the state and used for the
22 general expense of state government, to be paid out
23 pursuant to direct appropriation by the Legislature,
24

1 c. before any other apportionment of revenue has been
2 made pursuant to this paragraph, ten percent (10%) of
3 the sum collected from natural gas and/or casinghead
4 gas shall be paid to the various county treasurers to
5 be credited to the County Highway Fund as follows:
6 Each county shall receive a proportionate share of the
7 funds available based upon the proportion of the total
8 value of production from such county in the
9 corresponding month of the preceding year, and

10 d. before any other apportionment of revenue has been
11 made pursuant to this paragraph, ten percent (10%)
12 shall be allocated to each county as provided for in
13 subparagraph c of this paragraph and shall be
14 apportioned, on an average daily attendance per capita
15 distribution basis, as certified by the State
16 Superintendent of Public Instruction to the school
17 districts of the county where such pupils attend
18 school regardless of residence of such pupil, provided
19 the school district makes an ad valorem tax levy of
20 fifteen (15) mills for the current year and maintains
21 twelve (12) years of instruction; and

22 11. On or after ~~the effective date of this act~~ June 28, 2018,
23 the gross production tax on oil levied at the rate of five percent
24

1 (5%) provided for in paragraph 3 of subsection B of Section 1001 of
2 this title shall be apportioned as follows:

3 a. there shall be apportioned from the gross production
4 tax levy imposed pursuant to Section 1001 of this
5 title on oil to the Revenue Stabilization Fund created
6 by Section 34.102 of Title 62 of the Oklahoma
7 Statutes, after the applicable maximum amount
8 prescribed by subsection C of this section has been
9 deposited to the funds therein specified, the amount
10 of revenue, if any, which would otherwise be
11 apportioned to the General Revenue Fund and which
12 exceeds the moving five-year average amount for oil as
13 defined pursuant to paragraph 2 of subsection A of
14 this section,

15 b. before any other apportionment of revenue has been
16 made pursuant to this paragraph, twenty-three and
17 seventy-five one-hundredths percent (23.75%) shall be
18 paid to the State Treasurer to be placed in the Common
19 Education Technology Revolving Fund created in Section
20 34.90 of Title 62 of the Oklahoma Statutes,

21 c. before any other apportionment of revenue has been
22 made pursuant to this paragraph, twenty-three and
23 seventy-five one-hundredths percent (23.75%) shall be
24 paid to the State Treasurer to be placed in the Higher

1 Education Capital Revolving Fund created in Section
2 34.91 of Title 62 of the Oklahoma Statutes,

3 d. before any other apportionment of revenue has been
4 made pursuant to this paragraph, twenty-three and
5 seventy-five one-hundredths percent (23.75%) shall be
6 paid to the State Treasurer to be placed in the
7 Oklahoma Student Aid Revolving Fund created in Section
8 34.92 of Title 62 of the Oklahoma Statutes,

9 e. before any other apportionment of revenue has been
10 made pursuant to this paragraph, three and twenty-
11 eight one-hundredths percent (3.28%) shall be
12 distributed to the various counties of the state for
13 deposit into the County Bridge and Road Improvement
14 Fund of each county based on a formula developed by
15 the Department of Transportation and approved by the
16 Department of Transportation County Advisory Board
17 created pursuant to Section 302.1 of Title 69 of the
18 Oklahoma Statutes to be used for the purposes set
19 forth in the County Bridge and Road Improvement Act.
20 The formula shall be similar to the formula currently
21 used for the distribution of monies in the County
22 Bridge Program funds, but shall also take into
23 consideration the effect of the terrain and traffic

1 volume as related to county road improvement and
2 maintenance costs,

3 f. before any other apportionment of revenue has been
4 made pursuant to this paragraph, five percent (5%)
5 shall be paid to the State Treasurer to be apportioned
6 to:

7 (1) the following sources and in the following
8 amounts through the fiscal year ending June 30,
9 2019:

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

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

20 (c) thirty-three and one-third percent (33 1/3%)
21 to the Community Water Infrastructure
22 Development Revolving Fund created pursuant
23 to Section 1085.7A of Title 82 of the
24 Oklahoma Statutes, and

1 (2) the Oklahoma Water Resources Board Rural Economic
2 Action Plan Water Projects Fund for the fiscal
3 year beginning July 1, 2019, and for each fiscal
4 year thereafter,

5 g. before any other apportionment of revenue has been
6 made pursuant to this paragraph, ten percent (10%) of
7 the sum collected from oil shall be paid to the
8 various county treasurers, to be credited to the
9 County Highway Fund as follows: Each county shall
10 receive a proportionate share of the funds available
11 based upon the proportion of the total value of
12 production from such county in the corresponding month
13 of the preceding year,

14 h. before any other apportionment of revenue has been
15 made pursuant to this paragraph, ten percent (10%)
16 shall be allocated to each county as provided in
17 subparagraph g of this paragraph and shall be
18 apportioned on an average daily attendance per capita
19 distribution basis, as certified by the State
20 Superintendent of Public Instruction, to the school
21 districts of the county where such pupils attend
22 school regardless of residence of such pupil, provided
23 the school district makes an ad valorem tax levy of
24

1 fifteen (15) mills for the current year and maintains
2 twelve (12) years of instruction, and

3 i. before any other apportionment of revenue has been
4 made pursuant to this paragraph, forty-seven one-
5 hundredths percent (0.47%) of the levy shall be
6 transmitted by the Tax Commission to the Statewide
7 Circuit Engineering District Revolving Fund as created
8 in Section 687.2 of Title 69 of the Oklahoma Statutes.

9 C. Provided, notwithstanding any other provision of this
10 section, the total amounts deposited to the Common Education
11 Technology Revolving Fund, the Higher Education Capital Revolving
12 Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic
13 Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation
14 Department Capital Expenditure Revolving Fund, the Oklahoma
15 Conservation Commission Infrastructure Revolving Fund and the
16 Community Water Infrastructure Development Revolving Fund pursuant
17 to paragraphs 6, 7 and 11 of subsection B of this section shall not
18 exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any
19 fiscal year. Except as otherwise provided in this subsection, all
20 sums in excess of One Hundred Fifty Million Dollars
21 (\$150,000,000.00) in any fiscal year which would otherwise be
22 deposited in such funds shall be apportioned by the Oklahoma Tax
23 Commission to the General Revenue Fund of the state.

1 SECTION 3. This act shall become effective November 1, 2019.

2 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
3 February 12, 2019 - DO PASS AS AMENDED
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