An Act

ENROLLED HOUSE
BILL NO. 2763

By: Montgomery, Sherrer, Vaughan, Leewright, Murdock, Wood, Roberts (Dustin), Russ, Nelson, Ownbey, Caldwell, McDaniel (Randy), Bennett, Kannady, Walker, Lepak, Faught, Wallace, Billy, Hall, Johnson, Jordan and Nollan of the House

and

Holt, Standridge, Shortey, Brecheen, Marlatt, Silk, Stanislawski, Smalley, Mazzei, Allen, Newberry, Boggs, Sparks, Dossett and Sharp of the Senate

An Act relating to revenue stabilization; creating the Revenue Stabilization Fund; prohibiting deposit of revenues to the Revenue Stabilization Fund unless certain apportionment finding made by State Board of Equalization; authorizing deposits to the credit of the Revenue Stabilization Fund; prohibiting deposits to Revenue Stabilization Fund based upon declaration of revenue failures; providing exceptions; specifying amounts of gross production tax revenues and corporation income tax revenues to be deposited into the Revenue Stabilization Fund; providing for deposit of excess amounts otherwise apportionable to the General Revenue Fund; prescribing procedures; authorizing appropriations by the Legislature; authorizing Director of the Office of Management and Enterprise Services to withdraw monies from the Revenue Stabilization Fund under certain circumstances; imposing limitation upon amount to be withdrawn; authorizing appropriation of monies from the Revenue Stabilization Fund; imposing limit upon

amount available for appropriation; imposing duties upon the State Board of Equalization; requiring computation of certain moving average amounts; prescribing procedures; providing for apportionment of certain revenue amounts in excess of five-year moving average to the Revenue Stabilization Fund; requiring reports to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate regarding the Revenue Stabilization Fund; amending 68 O.S. 2011, Sections 1004, as last amended by Section 1 of Enrolled House Bill No. 2623 of the 2nd Session of the 55th Oklahoma Legislature and 2352, as last amended by Section 1, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2015, Section 2352), which relate to apportionment of gross production and income tax revenues; modifying apportionments; providing for apportionment of certain revenues otherwise apportionable to the General Revenue Fund of the State Treasury to the Revenue Stabilization Fund or the Constitutional Reserve Fund; providing for codification; and providing an effective date.

SUBJECT: Revenue stabilization

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 34.102 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund to be known and designated as the "Revenue Stabilization Fund". The fund shall be a continuing fund, not subject to fiscal year limitations.

B. No monies shall be deposited to the credit of the Revenue Stabilization Fund until such time as the amount of actual revenue certified by the State Board of Equalization as having been deposited into the General Revenue Fund for the first fiscal year prior to the beginning of the fiscal year that deposits to the

Revenue Stabilization Fund are first made equals or exceeds Five Billion Seven Hundred Thirty Million Dollars ($5,730,000,000.00).

C. Once the provisions prescribed by subsection B of this section have been met, deposits to the Revenue Stabilization Fund as prescribed by this section may be made during any subsequent fiscal year according to the requirements and limitations imposed by this act.

D. Notwithstanding any other provisions of this section, no monies shall be deposited to the credit of the Revenue Stabilization Fund for any month during a fiscal year after the month during which the declaration of a revenue failure pursuant to the provisions of Section 34.49 of Title 62 of the Oklahoma Statutes has been made. For purposes of this subsection, the limitation on deposits to the Revenue Stabilization Fund shall be imposed for the remaining months of the fiscal year during which the revenue failure was declared, but shall not operate as a limitation upon deposits for any subsequent fiscal year unless a revenue failure is declared at some time during such fiscal year.

E. The Revenue Stabilization Fund shall consist of:

1. One hundred percent (100%) of the revenue derived from the gross production tax on oil levied pursuant to Section 1001 of Title 68 of the Oklahoma Statutes which is in excess of the five-year average computed as prescribed by Section 2 of this act;

2. One hundred percent (100%) of the revenue derived from the gross production tax on natural gas levied pursuant to Section 1001 of Title 68 of the Oklahoma Statutes which is in excess of the five-year average computed as prescribed by Section 2 of this act;

3. Seventy-five percent (75%) of the revenue derived from corporate income tax levied pursuant to Section 2355 of Title 68 of the Oklahoma Statutes which is in excess of the five-year average computed as prescribed by Section 2 of this act; and

4. Any amounts appropriated by the Legislature.

F. In the event that a revenue failure is declared with respect to the General Revenue Fund pursuant to Section 34.49 of Title 62 of the Oklahoma Statutes, the Director of the Office of Management and Enterprise Services may withdraw up to one-quarter (1/4) of the balance of the Revenue Stabilization Fund available at the beginning

of the fiscal year, provided the total amount withdrawn shall not exceed the amount of the declared revenue failure, to reduce or avoid reductions to agencies for the current fiscal year and to mitigate potential reductions of funds to be expended by common school districts which were appropriated or authorized by the Legislature, but excluding any funds which are apportioned directly to common school districts.

G. In the event that a revenue failure is declared with respect to the General Revenue Fund pursuant to Section 34.49 of Title 62 of the Oklahoma Statutes, the Legislature may appropriate up to one-quarter (1/4) of the balance of the Revenue Stabilization Fund available at the beginning of the fiscal year, not to exceed the amount of the revenue failure as declared with respect to the General Revenue Fund pursuant to Section 34.49 of Title 62 of the Oklahoma Statutes.

H. If the amount of revenue certified by the State Board of Equalization at its February meeting in any year to be collected in the General Revenue Fund for the upcoming fiscal year is less than the amount of revenue certified by the State Board of Equalization to be collected in the General Revenue Fund for the current fiscal year as determined at its February meeting conducted in the preceding calendar year, the Legislature may appropriate up to one-half (1/2) of the balance of the Revenue Stabilization Fund available at the beginning of the fiscal year; provided, that the amount withdrawn shall not exceed the amount of the decline in revenue certified.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 34.103 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. In addition to any other duties prescribed by law, at the meeting required by Section 23 of Article X of the Oklahoma Constitution to be held in February of 2017, and at the February meeting of the State Board of Equalization each year thereafter, the State Board of Equalization shall certify:

1. For the revenue derived from the tax levied on oil pursuant to Section 1001 of Title 68 of the Oklahoma Statutes, which would otherwise be apportioned to the General Revenue Fund, the average annual amount of actual revenue apportioned to the General Revenue Fund for the immediately preceding five (5) complete fiscal years. For any year after the first year during which a deposit to the

Revenue Stabilization Fund is made, the amount of any deposit to the Revenue Stabilization Fund shall be disregarded for purposes of this paragraph and the average shall be computed using the total amount of revenue that was available to be apportioned to the General Revenue Fund for the applicable period of time;

2. For the revenue derived from the tax levied on natural gas pursuant to Section 1001 of Title 68 of the Oklahoma Statutes, which would otherwise be apportioned to the General Revenue Fund, the average annual amount of actual revenue apportioned to the General Revenue Fund for the previous five (5) fiscal years. For any year after the first year during which a deposit to the Revenue Stabilization Fund is made, the amount of any deposit to the Revenue Stabilization Fund shall be disregarded for purposes of this paragraph and the average shall be computed using the total amount of revenue that was available to be apportioned to the General Revenue Fund for the applicable period of time; and

3. For the revenue derived from the corporate income tax levied pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which would otherwise be apportioned to the General Revenue Fund, the average annual amount of actual revenue apportioned to the General Revenue Fund for the previous five (5) fiscal years. For any year after the first year during which a deposit to the Revenue Stabilization Fund is made, the amount of any deposit to the Revenue Stabilization Fund shall be disregarded for purposes of this paragraph and the average shall be computed using the total amount of revenue that was available to be apportioned to the General Revenue Fund for the applicable period of time.

B. If the amount of revenue available for apportionment to the General Revenue Fund for the next ensuing fiscal year exceeds the amounts certified pursuant to paragraph 1 or 2 of subsection A of this section, with respect to each such revenue source, one hundred percent (100%) of such amount in excess of the separately computed five-year average, which would otherwise be apportioned to the General Revenue Fund, shall be deposited to the credit of the Revenue Stabilization Fund.

C. If the amount of revenue available for apportionment to the General Revenue Fund for the next ensuing fiscal year exceeds the amount certified pursuant to paragraph 3 of subsection A of this section:

1. Twenty-five percent (25%) of such amount in excess of the five-year average, which would otherwise be apportioned to the General Revenue Fund, shall be deposited to the credit of the Constitutional Reserve Fund unless such deposit would exceed the maximum balance permitted pursuant to Section 23 of Article X of the Oklahoma Constitution and in such case the amount in excess of the maximum balance shall be deposited to the credit of the Revenue Stabilization Fund; and

2. Seventy-five percent (75%) of such amount in excess of the five-year average, which would otherwise be apportioned to the General Revenue Fund, shall be deposited to the credit of the Revenue Stabilization Fund, together with any amount required for deposit pursuant to the provisions of paragraph 1 of this subsection.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 34.104 of Title 62, unless there is created a duplication in numbering, reads as follows:

Not later than December 15, 2018, and every five (5) years thereafter, the Office of Management and Enterprise Services shall submit a report to the Joint Committee on Appropriations and Budget, and the Governor on the performance of the Revenue Stabilization Fund set forth in this section. The reports shall include an analysis of the deposit formulae impact on General Revenue Fund tax revenue volatility, the adequacy of deposits required by the formula to the Revenue Stabilization Fund to replace potential future revenue declines, and the withdrawal provisions of the Revenue Stabilization Fund. The reports shall include recommended changes, if any, to the deposit formulae or withdrawal rules that are consistent with the purposes of the Revenue Stabilization Fund.

SECTION 4. AMENDATORY 68 O.S. 2011, Section 1004, as last amended by Section 1 of Enrolled House Bill No. 2623 of the 2nd Session of the 55th Oklahoma Legislature, is amended to read as follows:

Section 1004. A. As used in this section:

1. "Moving five-year average amount for gas" means, for purposes of the apportionments prescribed by this section, the amount of gross production tax on natural gas collected for each of the five (5) complete fiscal years, as computed by the State Board of Equalization pursuant to Section 2 of this act; and

2. "Moving five-year average amount for oil" means, for purposes of the apportionments prescribed by this section, the amount of gross production tax on oil collected for each of the five (5) complete fiscal years, as computed by the State Board of Equalization pursuant to Section 2 of this act.

B. Beginning July 1, ~~2002~~ 2017, the gross production tax provided for in Section 1001 of this title is hereby levied and shall be collected and apportioned as follows:

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

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

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

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

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

a. after the total revenue apportioned to the General Revenue Fund as prescribed by subparagraph b of this paragraph equals the moving five-year average amount for gas as defined by paragraph 1 of subsection A of this section, there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on natural gas and/or casinghead gas to the Revenue Stabilization Fund created by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount for gas as defined pursuant to paragraph 1 of subsection A of this section,

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

~~b.~~ c. before any other apportionment of revenue has been made pursuant to this paragraph, seven and fourteen one-hundredths percent (7.14%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

~~c.~~ d. before any other apportionment of revenue has been made pursuant to this paragraph, seven and fourteen one-hundredths percent (7.14%) shall be allocated to each county as provided for in subparagraph ~~b~~ c of this paragraph and shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the State Superintendent of Public

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

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

a. after the total revenue apportioned to the General Revenue Fund as prescribed by subparagraph b of this paragraph equals the moving five-year average amount for gas as defined by paragraph 1 of subsection A of this section, there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on natural gas and/or casinghead gas to the Revenue Stabilization Fund created pursuant to Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount for gas as defined pursuant to paragraph 1 of subsection A of this section,

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

~~b.~~ c. before any other apportionment of revenue has been made pursuant to this paragraph, twelve and one-half percent (12.5%) of the sum collected from natural gas and/or casinghead gas shall be paid to the various county treasurers to be credited to the County Highway Fund as follows: Each county shall receive a proportionate share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year, and

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

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

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

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

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

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

for gas as defined by paragraph 1 of subsection A of this section, there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on gas to the Revenue Stabilization Fund created by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount for natural gas and/or casinghead gas as defined pursuant to paragraph 1 of subsection A of this section,

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

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

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

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

a. there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on oil to the Revenue Stabilization Fund created by Section 1 of this act, after the applicable maximum amount prescribed by subsection C of this section has been deposited to the funds therein specified, the amount of revenue, if any, which would otherwise be apportioned to the General Revenue Fund and which exceeds the moving five-year average amount for oil as defined pursuant to paragraph 2 of subsection A of this section,

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

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

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

~~d.~~ e. before any other apportionment of revenue has been made pursuant to this paragraph, three and seven hundred forty-five one-thousandths percent (3.745%) shall be distributed to the various counties of the state for deposit into the County Bridge and Road Improvement Fund of each county based on a formula developed by the Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes to be used for the purposes set forth in the County Bridge and Road

Improvement Act. The formula shall be similar to the formula currently used for the distribution of monies in the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to county road improvement and maintenance costs,

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

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

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

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

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

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

~~f.~~ g. before any other apportionment of revenue has been made pursuant to this paragraph, seven and fourteen one-hundredths percent (7.14%) of the sum collected from oil shall be paid to the various county treasurers, to be credited to the County Highway Fund as follows: Each county shall receive a proportionate

share of the funds available based upon the proportion of the total value of production from such county in the corresponding month of the preceding year,

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

~~h.~~ i. before any other apportionment of revenue has been made pursuant to this paragraph, five hundred thirty-five one-thousandths percent (0.535%) of the levy shall be transmitted by the Oklahoma Tax Commission to the Statewide Circuit Engineering District Revolving Fund as created in Section 687.2 of Title 69 of the Oklahoma Statutes;

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

a. there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on oil to the Revenue Stabilization Fund created by Section 1 of this act, after the applicable maximum amount prescribed by subsection C of this section has been deposited to the funds therein specified, the amount of revenue, if any, which would otherwise be apportioned to the General Revenue Fund and which exceeds the moving five-year average amount for oil as defined pursuant to paragraph 2 of subsection A of this section,

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

Treasurer to be placed in the Common Education Technology Revolving Fund created in Section 34.90 of Title 62 of the Oklahoma Statutes,

~~b.~~ c. before any other apportionment of revenue has been made pursuant to this paragraph, twenty-two and one-half percent (22.5%) shall be paid to the State Treasurer to be placed in the Higher Education Capital Revolving Fund created in Section 34.91 of Title 62 of the Oklahoma Statutes,

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

~~d.~~ e. before any other apportionment of revenue has been made pursuant to this paragraph, three and twenty-eight one-hundredths percent (3.28%) shall be distributed to the various counties of the state for deposit into the County Bridge and Road Improvement Fund of each county based on a formula developed by the Department of Transportation and approved by the Department of Transportation County Advisory Board created pursuant to Section 302.1 of Title 69 of the Oklahoma Statutes to be used for the purposes set forth in the County Bridge and Road Improvement Act. The formula shall be similar to the formula currently used for the distribution of monies in the County Bridge Program funds, but shall also take into consideration the effect of the terrain and traffic volume as related to county road improvement and maintenance costs,

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

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

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

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

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

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

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

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

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

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

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

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

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

a. there shall be apportioned from the gross production tax levy imposed pursuant to Section 1001 of this title on oil to the Revenue Stabilization Fund created by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount for oil as defined pursuant to paragraph 2 of subsection A of this section,

b. until the apportionment to the General Revenue Fund equals the moving five-year average amount for oil as

prescribed by paragraph 2 of subsection A of this section, fifty percent (50%) shall be paid to the State Treasurer to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature,

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

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

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

SECTION 5. AMENDATORY 68 O.S. 2011, Section 2352, as last amended by Section 1, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2015, Section 2352), is amended to read as follows:

Section 2352. It is hereby declared to be the purpose of Section 2351 et seq. of this title to provide revenue for general governmental functions of state government; and, for that purpose and to that end, it is expressly declared that the revenue derived herefrom and penalties and interest thereon, subject to the apportionment requirements for the Rebuilding Oklahoma Access and Driver Safety Fund, the Oklahoma Tourism and Passenger Rail Revolving Fund and the Public Transit Revolving Fund to be derived from income tax revenue that would otherwise be apportioned to the General Revenue Fund as provided by Section 1521 of Title 69 of the Oklahoma Statutes, 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, and subject to the apportionment requirements for the Oklahoma State Capitol Building Repair and Restoration Fund provided by Section ~~4~~ 19 of ~~this act~~ Title 73 of the Oklahoma Statutes, shall be distributed as follows:

1. For the fiscal year beginning July 1, 2002, the first Five Million Eight Hundred Thousand Dollars ($5,800,000.00) of revenue derived pursuant to the provisions of subsections A, B and E of Section 2355 of this title shall be apportioned to the Education Reform Revolving Fund. The remainder of such revenue for the fiscal year beginning July 1, 2002, and all such revenue for each fiscal year thereafter shall be apportioned monthly as follows:

a. (1) the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%

FY 2007	86.16%
FY 2008 and each fiscal year thereafter	85.66%

(2) in the event that additional monies are necessary pursuant to paragraph 3 of this section, such additional monies shall be deducted in the proportion determined by the State Board of Equalization pursuant to paragraph 3 of Section 2355.1B of this title from the monies apportioned to the General Revenue Fund,

b. for FY 2003 and each fiscal year thereafter, eight and thirty-four one-hundredths percent (8.34%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund,

c. 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 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

2. Beginning July 1, 2003, for any period of time as certified by the Oklahoma Development Finance Authority and the Oklahoma Department of Commerce to be necessary for the repayment of obligations issued by the Oklahoma Development Finance Authority pursuant to Section 3654 of this title if the other sources of

revenue paid to or apportioned to the Quality Jobs Program Incentive Leverage Fund are not adequate, including the proceeds from payment pursuant to the guaranty required by subsection M of Section 3654 of this title, an amount certified by the Oklahoma Development Finance Authority to the Oklahoma Tax Commission shall be apportioned to the Quality Jobs Program Incentive Leverage Fund before any other apportionments are made as otherwise authorized by this paragraph. The Oklahoma Development Finance Authority shall certify to the Oklahoma Tax Commission the time as of which the revenue authorized for apportionment pursuant to this paragraph is no longer required. After the certification, the revenue derived from the income tax shall be apportioned in the manner otherwise provided by this section. Except as otherwise provided by this paragraph, for the fiscal year beginning July 1, 2002, the first Forty-One Million One Hundred Ninety Thousand Eight Hundred Dollars ($41,190,800.00) of revenue derived pursuant to the provisions of subsections D and E of Section 2355 of this title shall be apportioned to the Education Reform Revolving Fund. The remainder of such revenue for the fiscal year beginning July 1, 2002, and all such revenue for each fiscal year thereafter, 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 monthly as follows:

a. the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	78.96%
FY 2005	78.75%
FY 2006	78.50%
FY 2007	78.0%

(1) FY ~~2008~~ 2018 and each fiscal year thereafter until the apportionment to the General Revenue Fund equals the moving five-

year average amount for corporate income tax as prescribed by paragraph 4 of this section	77.50%

(2) there shall be apportioned from the tax levy imposed on corporate income tax to the Revenue Stabilization Fund created by Section 1 of this act, or to the Constitutional Reserve Fund, as provided by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount as defined pursuant to paragraph 4 of this section,

b. for FY 2003 and each fiscal year thereafter, sixteen and five-tenths percent (16.5%) 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,

c. 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 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund; ~~and~~

3. During the first fiscal year after the State Board of Equalization has made a determination as provided in Section 2355.1B of this title, regarding a baseline amount of revenue apportioned

pursuant to subparagraph c of paragraph 1 of this section, and for each fiscal year thereafter, in no event shall monies apportioned pursuant to subparagraph c of paragraph 1 of this section, paragraph 3 of Section 1353 of this title and paragraph 3 of Section 1403 of this title be less than such baseline amount; and

4. "Moving five-year average for corporate income tax" means, for purposes of the apportionments prescribed by this section, the amount of income tax on corporations, as determined by the State Board of Equalization in the manner prescribed by Section 2 of this act.

SECTION 6. This act shall become effective November 1, 2016.

Passed the House of Representatives the 20th day of May, 2016.

Presiding Officer of the House of Representatives

Passed the Senate the 24th day of May, 2016.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 24th day of May, 2016, at 4:45 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 27th day of May, 2016, at 3:45 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 27th day of May, 2016, at 5:51 o'clock P. M.

By: Chris Benge