

1 **SENATE FLOOR VERSION**

2 April 11, 2024

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL NO. 4070

By: Wallace and Sims of the
House

6 and

7 Garvin of the Senate

8
9 An Act relating to county economic development;
10 creating the Rural County Economic Development Act of
11 2024; providing short title; authorizing the creation
12 of certain county organization; providing process for
13 formation of certain county organization;
14 establishing purpose of certain county organization;
15 providing for appointment of members to certain
16 county organization; prohibiting compensation for
17 members; authorizing certain reimbursement for
18 members; authorizing certain actions; providing
19 certain powers; authorizing certain delegation of
20 powers and duties; authorizing certain contracting;
21 authorizing certain county-option sales tax levy;
22 limiting levy; requiring submission to voters at
23 special election; requiring certain fund creation and
24 accounting; amending 68 O.S. 2021, Section 1370,
which relates to county sales tax; providing for
certain exception; updating statutory language;
providing for noncodification; providing for
codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law not to be
codified in the Oklahoma Statutes reads as follows:

1 This act shall be known and may be cited as the "Rural County
2 Economic Development Act of 2024".

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 899.1 of Title 62, unless there
5 is created a duplication in numbering, reads as follows:

6 A. The board of county commissioners of a county with a
7 population of one hundred thousand (100,000) or less according to
8 the latest Federal Decennial Census may, by adoption of a resolution
9 by a majority of the members of the board, form a county economic
10 development organization for the purpose of implementing or
11 enhancing economic development programs and initiatives, including
12 but not limited to efforts to encourage economic development that
13 generates new jobs and increases capital investment in the county.

14 B. Each organization created pursuant to this section shall be
15 a public body, corporate and politic, with the powers and duties
16 specified in this act.

17 SECTION 3. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 899.2 of Title 62, unless there
19 is created a duplication in numbering, reads as follows:

20 A. Each county commissioner of a county with a county economic
21 development organization shall appoint from the county two (2)
22 persons to serve as members of the county economic development
23 organization. Each organization member shall serve at the pleasure
24 of his or her appointing county commissioner.

1 B. The members of the organization shall elect a chair, a vice
2 chair, and a treasurer from among its membership. A majority of the
3 organization shall constitute a quorum, the affirmative vote of
4 which shall be necessary for any action taken by the organization.
5 Each member of the organization shall receive no compensation for
6 services to the organization but may be reimbursed by the political
7 subdivision responsible for such appointment for expenses incurred
8 for attending meetings of the organization.

9 C. Each organization member shall have been a qualified elector
10 in the county from which the member is appointed for a period not
11 less than three (3) years from the date of appointment. No person
12 shall be eligible for appointment as a member of an organization who
13 has been convicted of a felony.

14 SECTION 4. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 899.3 of Title 62, unless there
16 is created a duplication in numbering, reads as follows:

17 A. A county economic development organization created under the
18 provisions of this act may:

19 1. Adopt bylaws for the regulation of its affairs and conduct
20 of its business;

21 2. Maintain an office as needed;

22 3. Sue and be sued, in contract, reverse condemnation, equity,
23 mandamus, and similar actions in its own name, plead and be
24 impleaded. Any action against the organization shall be brought in

1 the county in which the principal office of the organization is
2 located or the county where the cause of action arose;

3 4. Acquire, hold, and dispose of real and personal property in
4 the exercise of its powers and the performance of its duties;

5 5. Make and enter into all contracts and agreements necessary
6 or incidental to the performance of its duties and the execution of
7 its powers;

8 6. Adopt such rules and regulations necessary to carry out the
9 powers and duties expressly granted in this section; and

10 7. Budget and expend funds made available to the organization
11 in accordance with the provisions of this act.

12 B. The authority provided in subsection A of this section may
13 be performed directly by a county economic development organization
14 or delegated to a third-party entity under the provisions of a
15 contract entered into between the county economic development
16 organization and the third-party entity.

17 SECTION 5. AMENDATORY 68 O.S. 2021, Section 1370, is
18 amended to read as follows:

19 Section 1370. A. In accordance with the provisions of Section
20 ~~± 1354.36~~ of this ~~act~~ title, except as provided in Section 6 of this
21 act, any county of this state may levy a sales tax ~~of~~ not to exceed
22 two percent (2%) upon the gross proceeds or gross receipts derived
23 from all sales or services in the county upon which a consumer's
24 sales tax is levied by this state. Before a sales tax may be levied

1 by the county, the imposition of the tax shall first be approved by
2 a majority of the registered voters of the county voting thereon at
3 a special election called by the board of county commissioners or by
4 initiative petition signed by not less than five percent (5%) of the
5 registered voters of the county who were registered at the time of
6 the last general election. However, if a majority of the registered
7 voters of a county voting fail to approve such a tax, the board of
8 county commissioners shall not call another special election for
9 such purpose for six (6) months. Any sales tax approved by the
10 registered voters of a county shall be applicable only when the
11 point of sale is within the territorial limits of such county. Any
12 sales tax levied or any change in the rate of a sales tax levied
13 pursuant to the provisions of this section shall become effective on
14 the first day of the calendar quarter following approval by the
15 voters of the county unless another effective date, which shall also
16 be on the first day of a calendar quarter, is specified in the
17 ordinance or resolution levying the sales tax or changing the rate
18 of sales tax.

19 B. The Oklahoma Tax Commission shall give notice to all vendors
20 of a rate change at least sixty (60) days prior to the effective
21 date of the rate change. Provided, for purchases from printed
22 catalogs wherein the purchaser computed the tax based upon local tax
23 rates published in the catalog, the rate change shall not be
24 effective until the first day of a calendar quarter after a minimum

1 of one hundred twenty (120) days' notice to vendors. Failure to
2 give notice as required by this section shall delay the effective
3 date of the rate change to the first day of the next calendar
4 quarter.

5 C. Initiative petitions calling for a special election
6 concerning county sales tax proposals shall be in accordance with
7 Sections 2, 3, ~~3.17~~, 6, 18 and 24 of Title 34 of the Oklahoma
8 Statutes. Petitions shall be submitted to the office of the county
9 clerk for approval as to form prior to circulation. Following
10 approval, the petitioner shall have ninety (90) days to secure the
11 required signatures. After securing the requisite number of
12 signatures, the petitioner shall submit the petition and signatures
13 to the county clerk. Following the verification of signatures, the
14 county clerk shall present the petition to the board of county
15 commissioners. The special election shall be held within sixty (60)
16 days of receiving the petition. The ballot title presented to the
17 voters at the special election shall be identical to the ballot as
18 presented in the initiative petition.

19 D. Subject to the provisions of Section 1357.10 of this title,
20 all items that are exempt from the state sales tax shall be exempt
21 from any sales tax levied by a county.

22 E. Any sales tax which may be levied by a county shall be
23 designated for a particular purpose. Such purposes may include, but
24 are not limited to, projects owned by the state, any agency or

1 instrumentality thereof, the county and/or any political subdivision
2 located in whole or in part within such county, regional
3 development, economic development, common education, general
4 operations, capital improvements, county roads, weather modification
5 or any other purpose deemed, by a majority vote of the county
6 commissioners or as stated by initiative petition, to be necessary
7 to promote safety, security and the general well-being of the
8 people, including any authorized purpose pursuant to the Oklahoma
9 Community Economic Development Pooled Finance Act. The county shall
10 identify the purpose of the sales tax when it is presented to the
11 voters pursuant to the provisions of subsection A of this section.
12 Except as otherwise provided in this section and except as required
13 by the Oklahoma Community Economic Development Pooled Finance Act,
14 the proceeds of any sales tax levied by a county shall be deposited
15 in the general revenue or sales tax revolving fund of the county and
16 shall be used only for the purpose for which such sales tax was
17 designated. If the proceeds of any sales tax levied by a county
18 pursuant to this section are pledged for the purpose of retiring
19 indebtedness incurred for the specific purpose for which the sales
20 tax is imposed, the sales tax shall not be repealed until such time
21 as the indebtedness is retired. However, in no event shall the life
22 of the tax be extended beyond the duration approved by the voters of
23 the county.

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1 F. 1. Notwithstanding any other provisions of law, any county
2 that has approved a sales tax for the construction, support or
3 operation of a county hospital may continue to collect such tax if
4 such hospital is subsequently sold. Such collection shall only
5 continue if the county remains indebted for the past construction,
6 support or operation of such hospital. The collection may continue
7 only until the debt is repaid or for the stated term of the sales
8 tax, whichever period is shorter.

9 2. If the construction, support or operation of a hospital is
10 funded through the levy of a county sales tax pursuant to this
11 section and such hospital is subsequently sold, the county levying
12 the tax may dissolve the governing board of such hospital following
13 the sale. Upon the sale of the hospital and dissolution of any
14 governing board, the county is relieved of any future liability for
15 the operation of such hospital.

16 G. Proceeds from any sales tax levied that is designated to be
17 used solely by the sheriff for the operation of the office of
18 sheriff shall be placed in the special revenue account of the
19 sheriff.

20 H. The life of the tax could be limited or unlimited in
21 duration. The county shall identify the duration of the tax when it
22 is presented to the voters pursuant to the provisions of subsections
23 A and C of this section. The maximum duration of a levy imposed
24 pursuant to Section 891.14 of Title 62 of the Oklahoma Statutes

1 shall be no longer than allowed pursuant to the Oklahoma Community
2 Economic Development Pooled Finance Act.

3 I. Except for the levies imposed pursuant to Section 891.14 of
4 Title 62 of the Oklahoma Statutes, there are hereby created one or
5 more county sales tax revolving funds in each county which levies a
6 sales tax under this section if any or all of the proceeds of such
7 tax are not to be deposited in the general revenue fund of the
8 county or comply with the provisions of subsection G of this
9 section. Each such revolving fund shall be designated for a
10 particular purpose and shall consist of all monies generated by such
11 sales tax which are designated for such purpose. Monies in such
12 funds shall only be expended for the purposes specifically
13 designated as required by this section. A county sales tax
14 revolving fund shall be a continuing fund not subject to fiscal year
15 limitations.

16 J. In the case of a levy submitted for voter approval pursuant
17 to Section 891.14 of Title 62 of the Oklahoma Statutes, taxes levied
18 by a county shall not become valid until the ordinance or resolution
19 setting the rate of the levy shall have been approved by a majority
20 vote of the registered voters of each such county voting on such
21 question at a special election. Elections conducted pursuant to
22 questions submitted pursuant to Section 891.14 of Title 62 of the
23 Oklahoma Statutes shall be conducted on the same date or in a
24 sequence that provides that the last vote required for approval by

1 all participating counties or municipalities occurs not later than
2 thirty (30) days after the date upon which the first vote occurs.

3 SECTION 6. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 1370.10 of Title 68, unless
5 there is created a duplication in numbering, reads as follows:

6 A. In accordance with the provisions of this act, any county of
7 this state with a population of one hundred thousand (100,000) or
8 less according to the latest Federal Decennial Census may levy a
9 sales tax not to exceed seventy-five one-hundredths of one percent
10 (0.75%) upon the gross proceeds or gross receipts derived from all
11 sales or services in the county upon which a consumer's sales tax is
12 levied by the state, except as provided in paragraph 8 of Section
13 1357 of Title 68 of the Oklahoma Statutes, subject to the following
14 conditions:

15 1. The proceeds of such sales tax shall be used solely for the
16 purposes provided for in this act; and

17 2. Before a sales tax may be levied by the county, the
18 imposition of the tax shall first be approved by a majority of the
19 registered voters of the county voting thereon at a special election
20 called by resolution of the board of county commissioners.

21 B. The board of county commissioners shall create a limited-
22 purpose fund and deposit therein any revenue generated by a sales
23 tax levied pursuant to the provisions of subsection A of this
24 section. The fund shall be placed in an insured or collateralized

1 interest-bearing account and the interest which accrues to the fund
2 shall be retained in the fund. Monies in the limited-purpose fund
3 shall be expended only as accumulated and only for the purposes
4 specifically authorized by this act.

5 SECTION 7. This act shall become effective November 1, 2024.

6 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT
7 April 11, 2024 - DO PASS AS AMENDED BY CS
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