



JOY HOFMEISTER

STATE SUPERINTENDENT of PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT of EDUCATION

June 6, 2019

**VIA EMAIL ONLY**

Gary Watts

[Gary.Watts@sandites.org](mailto:Gary.Watts@sandites.org)

Re: *Independent Sch. Dist. No. 2, Tulsa County, et al. v. Oklahoma Tax Commissioner, Steve Burrage, et al.*, Case No. CV-16-1249 (the “Litigation”)

Mr. Watts,

I appreciate you sending the information regarding the above-referenced Litigation, and specifically as it relates to the Oklahoma Tax Commission’s (the “OTC”) calculation of motor vehicle collections and how said collections and calculations are distributed to Oklahoma public schools. I am writing to follow-up in response to your requests on behalf of the Oklahoma State Department of Education (the “OSDE”).

Generally, my understanding of the Litigation is that an Agreed Order has been entered by the Court whereby the OTC will be withholding motor vehicle tax collection allocations from certain school districts and apportion such sums to other school districts. *See* Agreed Order, on file therein. Furthermore, my understanding of your request is that the OSDE use the statutory intent of the state aid formula so as to not factor, as a chargeable when calculating state aid distributions for the 2019-2020 school year, any of these additional monies school districts will receive from the Litigation.<sup>1</sup> If my understanding is correct, respectfully and as set forth below, it is my opinion that both the premise and conclusions reached in your correspondence are entirely misplaced.

As an initial matter, the statutory language that you rely on merely sets forth the general legislative intent for the state aid formula. Stated otherwise, in no way does this language identify the specific calculation for any portion of the state aid formula, including but not limited to how the motor vehicle collection amounts are factored into said formula or how monies received (regardless of the mechanism) offset other sources of funding through the formula. As you are

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<sup>1</sup> The general calculation formula for state aid allocations, including how motor vehicle collections and funds received by public schools as a result therefrom, is attached as Exhibit “A.” In essence, the greater the amount of chargeable income (including motor vehicle collection amounts paid to school districts) the lower the state aid allocation resulting in an offset and equalization between the two. The same is true in reverse, the lesser the amount of chargeable income (including motor vehicle allocations), the greater the state aid allocation, alas resulting in an offset and equalization between the two.

presumably aware, a specific statute controls over the general statute on the same subject. *See Compsource Mutual Insurance Company v. State ex rel. Oklahoma Tax Commission*, 2018 OK 54, 435 P.3d 90.

In the instant matter, there is a statute that expressly commands how the state aid formula is to be calculated and it specifically accounts for motor vehicle collections apportioned to the various school districts. As a result, this statute controls over the more general statute relating to the intent of the state aid formula. The state aid formula is expressly set forth at 70 O.S. § 18-200.1, and specific to motor vehicle collections provides as follows:

D. For the 1997-98 school year, and each school year thereafter, Foundation Aid, the Transportation Supplement and Salary Incentive Aid shall be calculated as follows:

1. Foundation Aid shall be determined by subtracting the amount of the Foundation Program Income from the cost of the Foundation Program and adding to this difference the Transportation Supplement.

a. The Foundation Program shall be a district's highest weighted average daily membership based on the first nine (9) weeks of the current school year, the preceding school year or the second preceding school year of a school district, as determined by the provisions of subsection A of Section 18-201.1 of this title and paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201.1 of this title, multiplied by the Base Foundation Support Level. However, for the portion of weighted membership derived from nonresident, transferred pupils enrolled in online courses, the Foundation Program shall be a district's weighted average daily membership of the preceding school year or the first nine (9) weeks of the current school year, whichever is greater, as determined by the provisions of subsection A of Section 18-201.1 of this title and paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201.1 of this title, multiplied by the Base Foundation Support Level.

b. The Foundation Program Income shall be the sum of the following:

(1) The adjusted assessed valuation of the current school year of the school district, minus the previous year protested ad valorem tax revenues held as prescribed in Section 2884 of Title 68 of the Oklahoma Statutes, multiplied by the mills levied pursuant to subsection (c) of Section 9 of Article X of the Oklahoma Constitution, if applicable, as adjusted in subsection (c) of Section 8A of Article X of the Oklahoma Constitution. For purposes of this subsection, the "adjusted assessed valuation of the current school year" shall be the adjusted assessed

valuation on which tax revenues are collected during the current school year, and

- (2) Seventy-five percent (75%) of the amount received by the school district from the proceeds of the county levy during the preceding fiscal year, as levied pursuant to subsection (b) of Section 9 of Article X of the Oklahoma Constitution, and
- (3) Motor Vehicle Collections, and
- (4) Gross Production Tax, and
- (5) State Apportionment, and
- (6) R.E.A. Tax.

The items listed in divisions (3), (4), (5), and (6) of this subparagraph shall consist of the amounts actually collected from such sources during the preceding fiscal year calculated on a per capita basis on the unit provided for by law for the distribution of each such revenue. *See* 70 O.S. § 18-200.1.

Noticeably absent from this section of law is any language providing the result that you desire, namely that the motor vehicle collections or amounts distributed to school districts based on these collections is not to be chargeable against said districts in the processing of the state aid formula. In fact, the opposite is true. Further, also entirely absent is any language stating that amounts received by a school district as a result of litigation based on the motor vehicle collection statute shall not be charged against said school district for purposes of calculating state aid allocations. If you are aware of a statute providing for such a process, please advise. However, if not, the result appears to be simply as follows: whether received via litigation or from the direct allocations from the OTC from motor vehicle collections, such allocations to school districts must be factored into the state aid formula. Additionally, there does not appear to be any language in any of the Court's orders from above-referenced lawsuit, nor was the OSDE a party to said lawsuit(s) agreeing to your request, such that the OSDE is further without the ability to process state aid calculation in the manner requested. Again, if you have any such information in an Order, I respectfully request that you provide it.

Lastly, a review of recent legislative efforts surrounding the specific state aid formula calculations and the motor vehicle collection language is illuminating in commanding that your request be denied. In the 2019 Legislative Session, House Bill 1991 was introduced and would have provided the result that you seek. However, unfortunate to your cause, House Bill 1991 did not go any further than being introduced and was therefore well short of becoming law. A copy of House Bill 1991, Introduced, is attached as Exhibit "B."<sup>2</sup>

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<sup>2</sup> A closer examination of House Bill 1991 reveals that it was introduced by the Representative of Sand Springs, Oklahoma. Conveniently, but likely not coincidentally, your most recent employment and the main Plaintiff in the above-referenced lawsuit is Sand Springs Public Schools such that you are presumably aware of this introduced legislative measure. It was not referenced in any of your correspondence such that I thought we should bring this matter to your attention in the instance that you were not aware of this potential

As such, in light of the foregoing, the OSDE respectfully declines your request. If you have any questions or want to further discuss this matter, please do not hesitate to contact me.

Sincerely,



Brad S. Clark  
General Counsel

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solution. However, to the extent that you were aware of this legislative measure, perhaps requested it, this further evidences your having prior knowledge that the outcome you desire is not allowable.

# CALCULATING THE STATE AID FORMULA

**FOUNDATION AID**

Weighted ADM \_\_\_\_\_ x Foundation Aid Factor = \_\_\_\_\_ (1)

**SUBTRACT CHARGEABLE INCOME**

(Valuations: Up to 11% - Down to 11%)

**Prior Year Net Assessed Valuation (In January: Current Year Net Assessed Valuation)**

Adjusted Valuation x 15 Mills: \_\_\_\_\_ x .015 \* = \_\_\_\_\_  
 \*plus increased millage because of personal property tax adjustment

(Prior Year Collections of :)

75% of County 4-Mill Levy \_\_\_\_\_ x .75 = \_\_\_\_\_

School Land \_\_\_\_\_ = \_\_\_\_\_

Gross Production \_\_\_\_\_ = \_\_\_\_\_

Motor Vehicle Collections \_\_\_\_\_ = \_\_\_\_\_

R.E.A. Tax \_\_\_\_\_ = \_\_\_\_\_

**TOTAL CHARGEABLES** TOTAL = \_\_\_\_\_ (2)

**FOUNDATION AID TOTAL** (Amount [1] Less Amount [2]) = \_\_\_\_\_ (3)  
 (Zero if Less Than Zero)

**TRANSPORTATION:**

(Average Daily Haul x Per Capita x Transportation Factor)

\_\_\_\_\_ x \_\_\_\_\_ x  $\frac{1.39}{\text{Transp. Factor}}$  TOTAL = \_\_\_\_\_ (4)  
*ADH Per Capita*

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**SALARY INCENTIVE AID**

A. \_\_\_\_\_ Incentive Aid Factor x \_\_\_\_\_ = \_\_\_\_\_  
 (Weighted ADM)

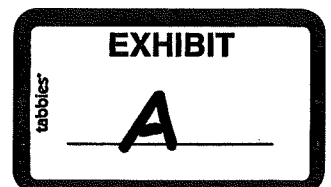
B. \_\_\_\_\_ Adjusted District Assessed Valuation / 1000 = \_\_\_\_\_

C. Step A (-) Step B = \_\_\_\_\_

Step C x 20 Mills = **SALARY INCENTIVE AID** = \_\_\_\_\_ (5)

**TOTAL STATE AID** (Amount 3 + 4 + 5) = \_\_\_\_\_

*\*Stabilization Component of the American Recovery and Reinvestment Act (ARRA)*





STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 1991

By: Nollan

AS INTRODUCED

An Act relating to State Aid; amending 70 O.S. 2011, Section 18-200.1, which relates to allocation of State Aid; changing applicability of State Aid calculations; altering calculation based on state-dedicated revenues; modifying calculation of Motor Vehicle Collections; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 18-200.1, is amended to read as follows:

Section 18-200.1 A. Beginning with the ~~1997-98~~ 2019-2020 school year, and each school year thereafter, each school district shall have its initial allocation of State Aid calculated based on the state-dedicated revenues ~~actually collected during the preceding~~ fiscal year as provided for in subsection D of this section, the adjusted assessed valuation of the preceding year and the highest weighted average daily membership for the school district of the two (2) preceding school years; however, the weighted membership of nonresident, transferred pupils enrolled in online courses shall be



1 based on the weighted average daily membership of the preceding  
2 school year. Each school district shall submit the following data  
3 based on the first nine (9) weeks, to be used in the calculation of  
4 the average daily membership of the school district:

- 5 1. Student enrollment by grade level;
- 6 2. Pupil category counts; and
- 7 3. Transportation supplement data.

8 On or before December 30, the State Department of Education  
9 shall determine each school district's current year allocation  
10 pursuant to subsection D of this section. The State Department of  
11 Education shall complete an audit, using procedures established by  
12 the Department, of the student enrollment by grade level data, pupil  
13 category counts and transportation supplement data to be used in the  
14 State Aid Formula pursuant to subsection D of this section by  
15 December 1 and by January 15 shall notify each school district of  
16 the district's final State Aid allocation for the current school  
17 year. The January payment of State Aid and each subsequent payment  
18 for the remainder of the school year shall be based on the final  
19 State Aid allocation as calculated in subsection D of this section.  
20 Except for reductions made due to the assessment of penalties by the  
21 State Department of Education according to law, the January payment  
22 of State Aid and each subsequent payment for the remainder of the  
23 school year shall not decrease by an amount more than the amount  
24 that the current chargeable revenue increases for that district.



1 B. The State Department of Education shall retain not less than  
2 one and one-half percent (1 1/2%) of the total funds appropriated  
3 for financial support of schools, to be used to make midyear  
4 adjustments in State Aid and which shall be reflected in the final  
5 allocations. If the amount of appropriated funds, including the one  
6 and one-half percent (1 1/2%) retained, remaining after January 1 of  
7 each year is not sufficient to fully fund the final allocations, the  
8 Department shall recalculate each school district's remaining  
9 allocation pursuant to subsection D of this section using the  
10 reduced amount of appropriated funds.

11 C. On and after July 1, 1997, the amount of State Aid each  
12 district shall receive shall be the sum of the Foundation Aid, the  
13 Salary Incentive Aid and the Transportation Supplement, as adjusted  
14 pursuant to the provisions of subsection G of this section and  
15 Section 18-112.2 of this title; provided, no district having per  
16 pupil revenue in excess of three hundred percent (300%) of the  
17 average per pupil revenue of all districts shall receive any State  
18 Aid or Supplement in State Aid.

19 The July calculation of per pupil revenue shall be determined by  
20 dividing the district's second preceding year's total weighted  
21 average daily membership (ADM) into the district's second preceding  
22 year's total revenues excluding federal revenue, insurance loss  
23 payments, reimbursements, recovery of overpayments and refunds,  
24

1 unused reserves, prior expenditures recovered, prior year surpluses,  
2 and less the amount of any transfer fees paid in that year.

3 The December calculation of per pupil revenue shall be  
4 determined by dividing the district's preceding year's total  
5 weighted average daily membership (ADM) into the district's  
6 preceding year's total revenues excluding federal revenue, insurance  
7 loss payments, reimbursements, recovery of overpayments and refunds,  
8 unused reserves, prior expenditures recovered, prior year surpluses,  
9 and less the amount of any transfer fees paid in that year.

10 D. For the 1997-98 school year, and each school year  
11 thereafter, Foundation Aid, the Transportation Supplement and Salary  
12 Incentive Aid shall be calculated as follows:

13 1. Foundation Aid shall be determined by subtracting the amount  
14 of the Foundation Program Income from the cost of the Foundation  
15 Program and adding to this difference the Transportation Supplement.

16 a. The Foundation Program shall be a district's highest  
17 weighted average daily membership based on the first  
18 nine (9) weeks of the current school year, the  
19 preceding school year or the second preceding school  
20 year of a school district, as determined by the  
21 provisions of subsection A of Section 18-201.1 of this  
22 title and paragraphs 1, 2, 3 and 4 of subsection B of  
23 Section 18-201.1 of this title, multiplied by the Base  
24 Foundation Support Level. However, for the portion of

1 weighted membership derived from nonresident,  
2 transferred pupils enrolled in online courses, the  
3 Foundation Program shall be a district's weighted  
4 average daily membership of the preceding school year  
5 or the first nine (9) weeks of the current school  
6 year, whichever is greater, as determined by the  
7 provisions of subsection A of Section 18-201.1 of this  
8 title and paragraphs 1, 2, 3 and 4 of subsection B of  
9 Section 18-201.1 of this title, multiplied by the Base  
10 Foundation Support Level.

11 b. The Foundation Program Income shall be the sum of the  
12 following:

13 (1) The adjusted assessed valuation of the current  
14 school year of the school district, minus the  
15 previous year protested ad valorem tax revenues  
16 held as prescribed in Section 2884 of Title 68 of  
17 the Oklahoma Statutes, multiplied by the mills  
18 levied pursuant to subsection (c) of Section 9 of  
19 Article X of the Oklahoma Constitution, if  
20 applicable, as adjusted in subsection (c) of  
21 Section 8A of Article X of the Oklahoma  
22 Constitution. For purposes of this subsection,  
23 the "adjusted assessed valuation of the current  
24 school year" shall be the adjusted assessed

1 valuation on which tax revenues are collected  
2 during the current school year, and

3 (2) Seventy-five percent (75%) of the amount received  
4 by the school district from the proceeds of the  
5 county levy during the preceding fiscal year, as  
6 levied pursuant to subsection (b) of Section 9 of  
7 Article X of the Oklahoma Constitution, and

8 (3) Motor Vehicle Collections, which for each school  
9 district shall consist of an amount based upon  
10 the proportion of the total amount actually  
11 collected by all districts during the preceding  
12 fiscal year that each district's average daily  
13 attendance bears to the total average daily  
14 attendance of all districts entitled to receive  
15 funds pursuant to this section as certified by  
16 the State Department of Education, and

17 (4) Gross Production Tax, and

18 (5) State Apportionment, and

19 (6) R.E.A. Tax.

20 The items listed in divisions ~~(3)~~, (4), (5), and (6)  
21 of this subparagraph shall consist of the amounts  
22 actually collected from such sources during the  
23 preceding fiscal year calculated on a per capita basis  
24

1 on the unit provided for by law for the distribution  
2 of each such revenue.

3 2. The Transportation Supplement shall be equal to the average  
4 daily haul times the per capita allowance times the appropriate  
5 transportation factor.

6 a. The average daily haul shall be the number of children  
7 in a district who are legally transported and who live  
8 one and one-half (1 1/2) miles or more from school.

9 b. The per capita allowance shall be determined using the  
10 following chart:

	PER CAPITA		PER CAPITA	
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE	
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00	
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00	
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00	
.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00	
.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00	
.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00	
.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00	
.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00	
.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00	
.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00	
.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00	
.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00	

1	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
2	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
3	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
4	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
5	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
6	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
7	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
8	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
9	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
10	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
11	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
12	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
13	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
14	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
15	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
16	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
17	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
18	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
19	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

c. The formula transportation factor shall be 1.39.

3. Salary Incentive Aid shall be determined as follows:

a. Multiply the Incentive Aid guarantee by the district's highest weighted average daily membership based on the first nine (9) weeks of the current school year, the

1 preceding school year or the second preceding school  
2 year of a school district, as determined by the  
3 provisions of subsection A of Section 18-201.1 of this  
4 title and paragraphs 1, 2, 3 and 4 of subsection B of  
5 Section 18-201.1 of this title.

6 b. Divide the district's adjusted assessed valuation of  
7 the current school year minus the previous year's  
8 protested ad valorem tax revenues held as prescribed  
9 in Section 2884 of Title 68 of the Oklahoma Statutes,  
10 by one thousand (1,000) and subtract the quotient from  
11 the product of subparagraph a of this paragraph. The  
12 remainder shall not be less than zero (0).

13 c. Multiply the number of mills levied for general fund  
14 purposes above the fifteen (15) mills required to  
15 support Foundation Aid pursuant to division (1) of  
16 subparagraph b of paragraph 1 of this subsection, not  
17 including the county four-mill levy, by the remainder  
18 of subparagraph b of this paragraph. The product  
19 shall be the Salary Incentive Aid of the district.

20 E. By June 30, 1998, the State Department of Education shall  
21 develop and the Department and all school districts shall have  
22 implemented a student identification system which is consistent with  
23 the provisions of subsections C and D of Section 3111 of Title 74 of  
24 the Oklahoma Statutes. The student identification system shall be

1 used specifically for the purpose of reporting enrollment data by  
2 school sites and by school districts, the administration of the  
3 Oklahoma School Testing Program Act, the collection of appropriate  
4 and necessary data pursuant to the Oklahoma Educational Indicators  
5 Program, determining student enrollment, establishing a student  
6 mobility rate, allocation of the State Aid Formula and mid-year  
7 adjustments in funding for student growth. This enrollment data  
8 shall be submitted to the State Department of Education in  
9 accordance with rules promulgated by the State Board of Education.  
10 Funding for the development, implementation, personnel training and  
11 maintenance of the student identification system shall be set out in  
12 a separate line item in the allocation section of the appropriation  
13 bill for the State Board of Education for each year.

14 F. 1. In the event that ad valorem taxes of a school district  
15 are determined to be uncollectible because of bankruptcy, clerical  
16 error, or a successful tax protest, and the amount of such taxes  
17 deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or  
18 an amount greater than twenty-five percent (25%) of ad valorem taxes  
19 per tax year, or the valuation of a district is lowered by order of  
20 the State Board of Equalization, the school district's State Aid,  
21 for the school year that such ad valorem taxes are calculated in the  
22 State Aid Formula, shall be determined by subtracting the net  
23 assessed valuation of the property upon which taxes were deemed  
24 uncollectible from the assessed valuation of the school district and



1 the state. Upon request of the local board of education, it shall  
2 be the duty of the county assessor to certify to the Director of  
3 Finance of the State Department of Education the net assessed  
4 valuation of the property upon which taxes were determined  
5 uncollectible.

6 2. In the event that the amount of funds a school district  
7 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
8 less than the amount of funds claimed for reimbursement by the  
9 school district due to insufficiency of funds as provided in Section  
10 193 of Title 62 of the Oklahoma Statutes, then the school district's  
11 assessed valuation for the school year that such ad valorem  
12 reimbursement is calculated in the State Aid Formula shall be  
13 adjusted accordingly.

14 G. 1. Notwithstanding the provisions of Section 18-112.2 of  
15 this title, a school district shall have its State Aid reduced by an  
16 amount equal to the amount of carryover in the general fund of the  
17 district as of June 30 of the preceding fiscal year, that is in  
18 excess of the following standards for two (2) consecutive years:

19	Total Amount of	Amount of
20	General Fund Collections,	General Fund
21	Excluding Previous Year	Balance
22	Cash Surplus as of June 30	Allowable
23	Less than \$1,000,000	40%
24	\$1,000,000 - \$2,999,999	35%

1	\$3,000,000 - \$3,999,999	30%
2	\$4,000,000 - \$4,999,999	25%
3	\$5,000,000 - \$5,999,999	20%
4	\$6,000,000 - \$7,999,999	18%
5	\$8,000,000 - \$9,999,999	16%
6	\$10,000,000 or more	14%

7       2. By February 1 the State Department of Education shall send  
8 by certified mail, with return receipt requested, to each School  
9 District Superintendent, Auditor and Regional Accreditation Officer  
10 a notice of and calculation sheet reflecting the general fund  
11 balance penalty to be assessed against that school district.  
12 Calculation of the general fund balance penalty shall not include  
13 federal revenue. Within thirty (30) days of receipt of this written  
14 notice the school district shall submit to the Department a written  
15 reply either accepting or protesting the penalty to be assessed  
16 against the district. If protesting, the school district shall  
17 submit with its reply the reasons for rejecting the calculations and  
18 documentation supporting those reasons. The Department shall review  
19 all school district penalty protest documentation and notify each  
20 district by March 15 of its finding and the final penalty to be  
21 assessed to each district. General fund balance penalties shall be  
22 assessed to all school districts by April 1.

23       3. Any school district which receives proceeds from a tax  
24 settlement or a Federal Emergency Management Agency settlement

1 during the last two (2) months of the preceding fiscal year shall be  
2 exempt from the penalties assessed in this subsection, if the  
3 penalty would occur solely as a result of receiving funds from the  
4 tax settlement.

5 4. Any school district which receives an increase in State Aid  
6 because of a change in Foundation and/or Salary Incentive Aid  
7 factors during the last two (2) months of the preceding fiscal year  
8 shall be exempt from the penalties assessed in this subsection, if  
9 the penalty would occur solely as a result of receiving funds from  
10 the increase in State Aid.

11 5. If a school district does not receive Foundation and/or  
12 Salary Incentive Aid during the preceding fiscal year, the State  
13 Board of Education may waive the penalty assessed in this subsection  
14 if the penalty would result in a loss of more than forty percent  
15 (40%) of the remaining State Aid to be allocated to the school  
16 district between April 1 and the remainder of the school year and if  
17 the Board determines the penalty will cause the school district not  
18 to meet remaining financial obligations.

19 6. Any school district which receives gross production revenue  
20 apportionment during the 2002-2003 school year or in any subsequent  
21 school year that is greater than the gross production revenue  
22 apportionment of the preceding school year shall be exempt from the  
23 penalty assessed in this subsection, if the penalty would occur  
24

1 solely as a result of the gross production revenue apportionment, as  
2 determined by the State Board of Education.

3 7. Beginning July 1, 2003, school districts that participate in  
4 consolidation or annexation pursuant to the provisions of the  
5 Oklahoma School Voluntary Consolidation and Annexation Act shall be  
6 exempt from the penalty assessed in this subsection for the school  
7 year in which the consolidation or annexation occurs and for the  
8 next three (3) fiscal years.

9 8. Any school district which receives proceeds from a sales tax  
10 levied by a municipality pursuant to Section 22-159 of Title 11 of  
11 the Oklahoma Statutes or proceeds from a sales tax levied by a  
12 county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes  
13 during the 2003-2004 school year or the 2004-2005 school year shall  
14 be exempt from the penalties assessed in this subsection, if the  
15 penalty would occur solely as a result of receiving funds from the  
16 sales tax levy.

17 9. For purposes of calculating the general fund balance  
18 penalty, the terms "carryover" and "general fund balance" shall not  
19 include federal revenue.

20 H. In order to provide startup funds for the implementation of  
21 early childhood programs, State Aid may be advanced to school  
22 districts that initially start early childhood instruction at a  
23 school site. School districts that desire such advanced funding  
24 shall make application to the State Department of Education no later

1 than September 15 of each year and advanced funding shall be awarded  
2 to the approved districts no later than October 30. The advanced  
3 funding shall not exceed the per pupil amount of State Aid as  
4 calculated in subsection D of this section per anticipated Head  
5 Start eligible student. The total amount of advanced funding shall  
6 be proportionately reduced from the monthly payments of the  
7 district's State Aid payments during the last six (6) months of the  
8 same fiscal year.

9 I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,  
10 notwithstanding any provision of law to the contrary, shall report  
11 monthly to the State Department of Education the monthly  
12 apportionment of the following information:

- 13 a. the assessed valuation of property,
- 14 b. motor vehicle collections,
- 15 c. R.E.A. tax collected, and
- 16 d. gross productions tax collected.

17 2. Beginning July 1, 1997, the State Auditor and Inspector's  
18 Office, notwithstanding any provision of law to the contrary, shall  
19 report monthly to the State Department of Education the monthly  
20 apportionment of the proceeds of the county levy.

21 3. Beginning July 1, 1996, the Commissioners of the Land  
22 Office, notwithstanding any provision of law to the contrary, shall  
23 report monthly to the State Department of Education the monthly  
24 apportionment of state apportionment.

1 4. Beginning July 1, 1997, the county treasurers' offices,  
2 notwithstanding any provision of law to the contrary, shall report  
3 monthly to the State Department of Education the ad valorem tax  
4 protest amounts for each county.

5 5. The information reported by the Tax Commission, the State  
6 Auditor and Inspector's Office, the county treasurers' offices and  
7 the Commissioners of the Land Office, pursuant to this subsection  
8 shall be reported by school district on forms developed by the State  
9 Department of Education.

10 SECTION 2. It being immediately necessary for the preservation  
11 of the public peace, health or safety, an emergency is hereby  
12 declared to exist, by reason whereof this act shall take effect and  
13 be in full force from and after its passage and approval.

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15 57-1-5666 EK 01/08/19  
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# BILL INFORMATION FOR HB 1991

HB 1991 by Nollan

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State Aid; altering calculation based on state dedicated revenues; modifying calculation of Motor Vehicle Collections; emergency.

<a href="#">History</a>	<a href="#">Amendments</a>	<a href="#">Bill Summaries</a>	<a href="#">Versions</a>	<a href="#">Votes</a>	<a href="#">Co Authors</a>	
HISTORY FOR HB 1991						
Action	Journal Page	Date	Chamber			
First Reading	178	02/04/2019	H			
Authored by Representative Nollan	178	02/04/2019	H			
Second Reading referred to Appropriations and Budget	311	02/05/2019	H			
Referred to Appropriations and Budget Education Subcommittee		02/07/2019	H			

