



2018 SESSION HIGHLIGHTS

Measures designated with an “X” were enacted in the 1st Special Session; those with “XX” were enacted in the 2nd Special Session.

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Introduction

The Second Session of the 56th Legislature followed on the heels of the First Extraordinary Session and ran concurrent with the second. Historic steps taken in special session paved the way for an early budget agreement and one that, for the first time in four years, didn’t result in cuts to agency budgets.

Growing revenue collections combined with approximately \$474 million in new taxes and revenue enacted during special and regular sessions allowed lawmakers to appropriate an additional \$745 million, or 10.9 percent, more to agencies in FY 2019 in comparison to the FY 2018 budget. The \$7.6 billion budget for FY 2019 includes additional funding for agencies that

provide the core services of state government. In addition to restoring the stability of the state budget, lawmakers enacted pay raises for teachers, school support staff and state employees and provided a one-time stipend of up to \$1,000 to members of the state’s public retirement systems.

Finally coming to fruition this session, a number of criminal justice reform measures were enacted with the goal of slowing prison growth in the state while preserving public safety. Another high-visibility issue that legislators tackled was alcohol modernization. Statutory changes were needed in advance of the sale of wine and strong beer in grocery stores, which will begin in October of this year.

Agriculture and Wildlife

HB 2913 creates a pilot program that allows universities or farmers contracting with universities to cultivate certified hemp seed for research and development for industrial uses. The 2014 U.S. Farm Bill and the U.S. Industrial Hemp Farming Act of 2015 paved the way for industrial hemp farming, which was common in the Midwest until the 1930s, while active federal legislation seeks to streamline the industry further. The Oklahoma Department of Agriculture, Food and Forestry (ODAFF) will manage the state’s pilot program and a new revolving fund will consist of all registration, lab, and inspection fees paid by program participants. At least 35 other states allow the cultivation of hemp through commercial, research or pilot programs.

SB 1606 directs ODAFF to use part of its legislative appropriation for certain purposes, including \$3.4 million for Rural Fire Operational Assistance Grants.

HB 2997 designates the red-tailed hawk as the state raptor. Idaho is the only other state with a raptor emblem.

Common Education

HB 1023XX increases the minimum salary schedule for teachers in amounts from 15.8 percent to 18.3 percent, based on years of service and education level; stipulates

that teachers currently making above the minimum salary schedule will be included in the raise; and requires school districts to notify teachers if they intend to provide retirement benefits that would lower a teacher's salary below the minimum.

HB 1026XX provides a pay raise of \$1,250 for school support employees. The raise will be in addition to any other compensation and fringe benefits provided by the district, or mandated by law or a collective bargaining agreement, unless their hours or duties are reduced proportionately.

SB 1150 directs school district officers, employees and school board members to notify law enforcement of any verbal threat or threatening behavior that reasonably has the potential to endanger students, school personnel or school property. Reporters will be immune from employment discipline and civil liability when reporting in good faith. The bill also makes school employees mandatory reporters if they have reason to believe a student is a victim of abuse or neglect.

SB 980 creates two new teaching certificates: lead and master. The measure specifies eligibility requirements and directs the State Board of Education (SDE) to adopt rules to implement a renewal schedule and associated fees for the certificates. Lead teachers are contractually entitled to an additional 10 days of professional development to strengthen instructional leadership and to receive an annual salary supplement of at least \$3,000 or the district's daily rate of pay, whichever is higher. Likewise, master teachers are contractually entitled to an additional 15 days of professional development and an annual salary supplement of at least \$5,000 or the districts daily rate of pay, whichever is higher. The supplement is in addition to the minimum teacher salary.

The SDE will develop the application for the new certificates and make it available to school districts that will implement the new certificates as a pilot program during the 2019-20 and 2020-21 school years. The new certificates will be made available to any person who has received a recommendation from their local school board and meets eligibility criteria beginning with the 2021-22 school year. The measure directs the SDE to seek the funding necessary to administer certain provisions of the bill, including the salary supplement. However, if funding is not available the department does not have to fulfill those provisions.

HB 2009 directs the SDE to annually publish on its website, within one click of the homepage, a report that lists all increases in wages, salaries, rates of pay or fringe benefits, and any changes to job class, excluding changes that did not result in an increase in pay for school district employees. The department must publish the information within 60 days following the submission of personnel reports certified on July 15.

HB 3221 directs the State Board of Education to adopt a timeline for transition to an electronic testing delivery system. Districts may request approval from the board to continue to use printed assessments. The measure also directs that information about Juneteenth be included in the social studies academic standards. Juneteenth celebrates the end of slavery in Texas on June 19, 1865.

SB 929 modifies how a district's weighted membership is calculated by adding definitions for *hearing impairment*, *autism*, *traumatic brain injury* and *other health impairment*; removing the definition of *trainable mentally handicapped*; and adding a pupil category for autism, traumatic brain injury and other health impairment.

Criminal Justice Reform

After several years of discussion and negotiation between the principals involved in the criminal justice system, the Legislature enacted a number of criminal justice reforms that are anticipated to slow prison population growth in Oklahoma. The measures concentrate on lowering available punishments for non-violent offenders and providing alternatives for criminal justice professionals to consider when sentencing offenders.

SB 649 provides that a previous conviction for possession of a controlled dangerous substance, or the equivalent law for possession of a controlled dangerous substance from any other jurisdiction, may not be used to enhance punishment under the second and subsequent offenses statute. The measure also removes petit larceny offenses from being used for sentence enhancement. Any person who has a previous non-violent felony conviction crime who commits one of the crimes listed below may be punished by a term of not more than twice the maximum sentence that could have been imposed for a first conviction of the current offense. The crimes eligible for enhancement are:

- Uttering a forged prescription;
- Receiving stolen property;
- False personation;
- Unauthorized use of a motor vehicle;
- Grand larceny;
- False declaration to a pawnbroker;
- Forgery in the second degree;
- Receiving or possessing a stolen vehicle; and
- Larceny of merchandise from a retailer.

SB 650 lowers the amount of time a non-violent offender must wait to seek an expungement from 15 years to seven years, if at least five years have passed since the completion of the sentence.

SB 689 authorizes the court imposing a sentence to modify the sentence of any offender serving life without

parole for an offense other than a violent crime, if the offender has served at least 10 years of the sentence and the court finds that the best interests of the public will not be jeopardized. If the court departs from mandatory minimum sentence, the sentence may not be reduced to less than 25 percent of the mandatory term. The bill expands the use of specialized supervision in the community corrections system to include repeat offenders, offenders with a conviction for a sex crime, or domestic violence and offenders with diagnosed mental health needs.

In other provisions of the bill:

- Persons convicted of domestic violence are required to undergo an assessment for batterers;
- Persons convicted of a violent crime, or a fourth or subsequent conviction for any felony crime, may not have their sentence suspended;
- Persons convicted of misdemeanor offenses relating to the unlawful carry or illegal transport of a firearm, or discharging a firearm, must submit to DNA testing for inclusion in the Oklahoma State Bureau of Investigation Combined DNA Index System (CODIS) database;
- A suspended sentence may not be revoked in whole for a technical violation unless a petition setting forth the grounds for such revocation is filed by the district attorney;
- Failure of an offender to pay fines and costs may not serve as a basis for revocation, excluding restitution, unless the court finds that the offender is willfully not paying;
- Prosecutions may not be deferred beyond seven years; and
- Deferred judgments may not be accelerated for a technical violation unless a petition has been filed by the district attorney.

SB 786 creates a burglary in the third-degree offense for burglary of a vehicle with intent to steal property. Punishment for burglary in the third degree is a term not exceeding five years.

SB 793 modifies the punishment for transporting or possessing with intent to distribute a controlled dangerous substance. Existing law provides that a person may be sentenced to a term of not less than five years nor more than life in prison. For a Schedule I or II drug, the bill removes the ability of the court to impose a life sentence and provides that a person may be sentenced to up to seven years imprisonment for transporting or possessing with intent to distribute. A person convicted of a second offense may be sentenced for up to 14 years. A third or subsequent conviction can result in a sentence of up to 20 years. For a Schedule III,

IV, V drug or marijuana, a person may be sentenced for up to five years. The punishment for manufacturing a controlled dangerous substance is imprisonment for not more than 10 years. A second manufacturing conviction can result in a term of between 2 to 20 years and a third offense may result in sentence of not less than 10 years to a life sentence. Finally, the measure modifies penalties for drug trafficking by removing life without parole as a sentencing option.

SB 1098 creates the Criminal Justice Reclassification Coordination Council. The 22-member council is to recommend to the Legislature:

- The classification of all felonies into appropriate categories;
- Appropriate sentence lengths for each class of felonies;
- Appropriate enhanced sentences for crimes committed after prior convictions; and
- Other appropriate changes to improve the criminal justice system in Oklahoma and ensure the public safety of its citizens. The council is to submit a report annually by December 31 each year.

HB 2281 contains modifications relating to certain criminal offenses. The bill creates threshold amounts for the crimes of unlawful delivery of goods, embezzlement, false personation, obtaining property by trick or deception, bogus checks, forged instruments or coins, larceny of lost property, receipt of stolen goods, theft of aircraft, automobile or construction equipment, larceny of merchandise held for sale in retail and false representation to a pawnbroker. The measure also creates graduated penalties based upon the value of the property, and establishes the theft of a firearm as a felony. To address business owner concerns, if three or more larceny offenses are committed within a 90-day period, the value of the property may be aggregated to determine the total value. Further, the measure modifies the punishment for possession of a vehicle without consent by allowing a term of imprisonment of up to two years and provides that the possession of an implement of husbandry without consent is a felony punishable by imprisonment of up to five years and up to a \$5,000 fine.

HB 2286 creates a streamlined administrative parole and a comprehensive aging and medical parole. The Department of Corrections (DOC) can submit to the Pardon and Parole Board the name of any person who has served one-fourth of the sentence or consecutive sentences imposed. Persons serving a life without parole sentence, an 85 percent sentence, or a sentence for a violent crime are not eligible for administrative parole.

The Pardon and Parole Board is to grant administrative parole if:

- The person has substantially complied with their case plan;
- The victim or district attorney has not submitted an objection;
- The person has not received a primary class X infraction within two years of the parole eligibility date;
- The person has not received a secondary class X infraction within one year of the parole eligibility date; and
- The person has not received a class A infraction within six months of the parole eligibility date.

Upon receiving administrative parole, the offender is to be supervised and managed by the DOC and is subject to all rules and regulations of parole.

Further, the Pardon and Parole Board is authorized to parole offenders who are 60 years of age or older who have served the shorter of 10 years of the term of imprisonment, or one-third of their total sentence. Offenders convicted of a violent offense, a sex offense, or and 85 percent offense are not eligible.

Alcohol

SB 1173 establishes the regulatory framework to comply with alcohol modernization brought about by the approval of State Question 792 in 2016. The measure authorizes wine and spirits wholesalers who have been designated by a manufacturer as a distributor of its wine or spirits to post those products by line-item; allows a bonded warehouse license to receive and store nonalcoholic beverages; allows an applicant for a retail wine or retail beer license to maintain a separate mixed beverage, caterer, mixed beverage/caterer combination license, or an on-premise beer and wine license, if the retail wine or retail beer license is not situated within or adjacent to the same physical space where the on-premises license is maintained. To assist the ABLE Commission in performing the expected increased duties, \$5 of every employee license fee is to be deposited in the Alcoholic Beverage Governance Revolving Fund.

SB 1332 provides that those establishments licensed prior to October 1, 2018, to sell low-point beer, and were permitted to be located within 300 feet of any school or church property, will be allowed to operate with any license in effect on October 1, 2018.

SB 1336 modifies the hours during which alcoholic beverages may be sold by prohibiting the sale of alcoholic beverages between 2 a.m. and 8 a.m. Municipalities may enact ordinances requiring such premises to be closed to the public between the hours of 2 a.m. and 6 a.m.

SB 1498 requires the ABLE Commission to mail a notice of application for a license to sell alcohol to the chief of police of a city or town. The measure provides that

any political subdivision that is entitled to notice of an application for a license be considered an interested party to the proceeding and is given notice of any issuance of license and may appeal the issuance of a license.

SB 1570 authorizes counties to levy an annual occupational tax for the privilege of operating as a retailer of alcoholic beverages.

Firearms

HB 2632 allows places of worship to establish policies regarding the possession of weapons on their property. The measure allows the use of physical or deadly force against an intruder in a place of worship when the intruder is committing or attempting to commit a felony. *Place of worship* is defined as any permanent building or space used for worship services, activities and business of the congregation.

HB 3353 authorizes a person in possession of a valid handgun license to carry a handgun on property designated as a wildlife refuge or wildlife management area.

Drug Control

HB 2798 creates the Opioid Fatality Review Board that will be jointly staffed by the Office of the Attorney General and the Department of Mental Health and Substance Abuse Services. The board is tasked with several duties, including:

- Conducting case reviews of deaths of persons 18 years of age or older due to licit or illicit opioid use;
- Collecting, analyzing and interpreting state and local data on opioid overdose deaths;
- Developing a state and local database on opioid overdose deaths; and
- Exercising all incidental powers necessary and proper for the implementation and administration of the review board.

Case reviews and discussion will be conducted in executive session, with all other business conducted in accordance with the Open Meetings Act. The board must submit an annual statistical report of its findings, including any recommendations for the medical and law enforcement system.

Beginning November 1, 2018, the Center for Health Statistics at the State Department of Health will begin forwarding to the Chief Medical Examiner copies of death certificates for adults over the age of 18 when the cause of death was an overdose of licit or illicit drugs, including opioids. The medical examiner will conduct an initial review in accordance to the criteria established by the review board and refer cases that meet the criteria for specific case review. Lastly, the measure requires

the medical and law enforcement system to provide any information requested by the review board.

SB 1078 adds fentanyl to the list of substances subject to trafficking penalties. The measure provides that possession of 1 gram or more of a mixture containing fentanyl or carfentanil, or any fentanyl analogs or derivatives shall be punishable by a fine of not less than \$100,000 and not more than \$500,000.

Corrections

SB 1590 authorizes the Oklahoma Capitol Improvement Authority to issue up to \$116.5 million in bonds to finance the maintenance, repairs, equipment and improvements of existing DOC facilities.

Economic Development

SB 1585 creates the following income tax credits designed to incentivize qualified employers and employees in the vehicle manufacturing industry, effective tax year 2019 through 2025:

Employer Paid Tuition Reimbursement Tax Credit: Credit is equal to 50 percent of the amount of tuition reimbursement to a qualified employee for the first through fourth year of employment.

Employer Payroll Tax Credit: Credit is between 5 and 10 percent of the compensation paid, up to \$12,500 for each qualified employee annually, for the first through fifth year of employment.

Employee Engineer Tax Credit: Credit is equal to \$5,000 per year for up to 5 years of employment as a vehicle manufacturing engineer.

The credits are applicable only to vehicle manufacturing companies in operation in Oklahoma after the effective date of the act and the engineers employed by such firms. For each tax year, the tuition reimbursement and payroll tax credits are capped at \$3 million and the employee engineer tax credit is capped at \$2 million.

HB 3324 provides funding for the Oklahoma Quick Action Closing Fund by diverting 5 percent of all funds paid by the Oklahoma Tax Commission (OTC) to establishments that execute contracts for incentive payments pursuant to the Oklahoma Quality Jobs Program Act, Small Employer Quality Jobs Incentive Act and 21st Century Quality Jobs Act. The Quick Action Closing Fund is used by the Governor to pay for economic development and infrastructure costs related to attracting or retaining a high-impact business location in Oklahoma.

SB 923 expands eligibility for incentive payments through the Small Employer Quality Jobs Incentive Act by increasing the initial employment threshold for applicant companies from 90 to 500 employees.

SB 1252 extends the sunset date of the Oklahoma Quality Events Incentive Act until June 30, 2021, and

deletes the requirement for conducting an economic impact study, which will no longer serve as the basis for approving projects or setting the reimbursement amount. Instead, the OTC will use actual documentation for making a determination about eligible events. The Quality Events incentive is designed to promote events that have a significant positive economic impact to the state by reimbursing a portion of state sales tax revenue generated by the event back to host cities and counties.

HB 2578 creates the Aerospace Commerce Economic Services Act, which establishes the Aerospace Commerce Economic Services (ACES) within the Oklahoma Department of Commerce. The purpose of ACES is to create a partnership of service providers to more effectively respond to the needs of the aviation, aerospace and defense industries in the areas of education and training, research and economic development. The measure outlines the structure of the program, authorizes the acceptance of funds to meet the mission of ACES and requires the department to partner with the Oklahoma Aeronautics Commission to implement the provisions of the act.

Tribal Gaming

HB 3375 authorizes the offering of new games under the State Tribal Gaming Act. Tribes may begin offering non-house banked table games such as craps and roulette by submitting a written supplement to an existing gaming compact with the state. The agreement requires a tribe to pay 10 percent of the monthly net wins from the operation of non-house banked table games to the state, of which 88 percent goes to education and 12 percent to the General Revenue Fund.

Business and Labor

HB 2933 directs an administrative body or an official with authority over occupational licensing or certification to grant a one-time, one-year waiver of fees associated with licensure or certification to a low-income applicant.

State Government

HB 1024XX grants salary increases to state employees as follows:

Current Salary	Increase
\$40,000 and under	\$2,000
\$40,001-\$50,000	\$1,500
\$50,001-\$60,000	\$1,000
\$60,001 and over	\$750

SB 1584 authorizes the Oklahoma Capital Improvement Authority (OICA) to issue new bonds and borrow money on the credit of income and revenue from land and property leases to generate up to \$5 million to pay for the construction, repair and rehabilitation of flood control dams. The measure provides that debt retirement

payments are to be made by the Oklahoma Conservation Commission and title to real property and improvements are to be transferred from the OICA to the commission upon final redemption of any bonds issued to finance the project.

HB 3712 restores funds appropriated from the State Highway Construction and Maintenance Fund and the Oklahoma Railroad Maintenance Revolving Fund in the general appropriations (GA) bill, SB 1600, by transferring fixed dollar amounts of sales tax revenue collected in August, September and October of this year that is supposed to be credited to the General Revenue Fund. A total of \$80 million will be appropriated to the State Highway Construction and Maintenance Fund and \$12 million will be appropriated to the Oklahoma Railroad Maintenance Revolving Fund.

Retirement

HB 1340 modifies the definition of *nonfiscal retirement bill* as found in the Oklahoma Pension Legislation Actuarial Analysis Act to allow one-time retirement benefit increases to retired members of the state's public retirement systems under certain conditions.

The bill also directs the state's public retirement systems to provide a one-time distribution of at least 2 percent to members who have been retired for at least five years as of October 1, 2018. Likewise, the bill prohibits increases to members with at least 20 years of service from being less than \$350.

The distribution will be made to members of the following systems:

- Oklahoma Firefighters Pension and Retirement System;
- Oklahoma Police Pension and Retirement System;
- Oklahoma Law Enforcement Retirement System;
- Uniform Retirement System for Justices and Judges;
- Teachers' Retirement System of Oklahoma; and
- Oklahoma Public Employees Retirement System.

Finally, the measure prohibits one-time benefit increases from being authorized more than once every two years.

County Government

HB 3085 authorizes county government entities to adopt performance-based salary adjustment programs for county employees and prohibits any performance-based adjustment from exceeding 5 percent of an employee's annual salary for "meets standards" or 10 percent of an employee's annual salary for "exceeds standards" and limits the salary adjustment to once per year.

Elections

SJR 66 sends to a vote of the people an amendment to the state constitution that, if approved, would provide for the joint nomination and election of candidates for Governor and Lieutenant Governor beginning with the General Election in 2026.

Health

HB 3707 directs the Department of Mental Health and Substance Abuse Services to use at least \$2 million of the funds appropriated to it in the general appropriations bill, along with certain federal matching funds, to begin restoring psychiatric inpatient, substance abuse residential, psychologist and agency-based therapy provider rates by 3 percent.

HB 3036 makes the Commissioner of Health an appointee of the Governor with the advice and consent of the Senate and converts the State Board of Health into an advisory body effective January 14, 2019.

Due to the recent loss of federal funding for the state's medical schools, **HB 1022XX** appropriates \$31.8 million to the Oklahoma Health Care Authority (OHCA) to fund the Deans Graduate Medical Education Program for the fourth quarter of FY 2017 and \$110 million to the OHCA to be distributed to Oklahoma State University and the University of Oklahoma for the benefit of the program in FY 2019.

Insurance

SB 1156 creates the Travel Insurance Act. The measure authorizes the Insurance Commissioner to issue a limited-lines travel insurance producer license, which authorizes a producer to sell, solicit or negotiate travel insurance through a licensed insurer.

SB 1103 requires all health benefit plans to cover low-dose mammography screenings.

Children and Families

HB 3708 directs the Department of Human Services (DHS) to use part of its legislative appropriation to:

- Restore adoption subsidy payments and foster care rates to 2017 levels;
- Increase the salaries of Child Welfare Specialists;
- Provide additional services and programs for persons with developmental disabilities in an effort to reduce the size of the Developmental Disabilities Services Division Waiting List;
- Increase adoption subsidy payments and foster care provider rates by 5 percent;
- Increase foster care and therapeutic foster care provider rates by 5 percent;

- Increase provider rates for child welfare contract group homes by 7 percent;
- Increase the ADvantage program provider rates by 7 percent; and
- Increase by 7 percent the provider rates for Developmental Disabilities Services, Community Waiver, Homeward Bound Waiver, In-Home Supports Waivers for adults and children, State-funded Group Home, State-funded Assisted Living, and State-funded Employment and Vocational Services.

HB 3104 clarifies that health care professionals, including midwives, must report to the DHS any infant who has been diagnosed with Neonatal Abstinence Syndrome or Fetal Alcohol Spectrum Disorder. DHS is directed to develop a plan of safe care to address the health and substance use treatment needs of an infant and affected family member or caregiver when it receives a referral that an infant has been diagnosed with Neonatal Abstinence Syndrome or Fetal Alcohol Spectrum Disorder, but the referral is not accepted for investigation. Finally, the bill authorizes district courts to establish a Zero to Three Court Program with the goal of reducing the amount of time it takes to establish permanency for children 36 months of age or younger, reducing incidences of repeat maltreatment and promoting effective coordination among various providers and resources.

HB 2259 modifies the reporting requirements for suspected child abuse or neglect by requiring that every person who has reason to believe that a child is being abused or neglected report the matter to DHS *immediately* rather than *promptly*. The measure further specifies that every teacher of children under the age of 18 who believes that a child is a victim of abuse or neglect report the matter to DHS immediately and that a teacher who believes a student age 18 or older is a victim of abuse or neglect to report the matter to law enforcement.

HB 2552 establishes certain rights for children in DHS custody with regard to their placement, safety, privacy, communication and personal growth. The measure also directs DHS and child-placing agencies to develop grievance procedures for children in custody.

Seniors and Long-term Care

HB 3064 directs the Attorney General's office to establish a Vulnerable Adult Abuse, Neglect and Exploitation Report in a format accessible to the public. The report will include a list of defendants prosecuted by the AG's office and found guilty of abuse, exploitation or neglect of elderly or vulnerable adults in the last 12 months.

In an effort to reduce potential trauma to a victim and improve the quality of investigations, **SB 993** provides that an investigation of allegations of abuse, neglect or exploitation of an elderly or vulnerable adult be

conducted jointly by DHS and law enforcement when feasible. The measure further requires that investigators be suitably trained in interview techniques and conduct investigations at the appropriate developmental age level of the victim.

Judiciary

To provide fair access to public defenders, **SB 1021** deletes language that created a rebuttable presumption that any defendant who is able to post bail is not indigent and therefore ineligible for the appointment of an indigent defender. Instead, the measure directs the court to consider the ability to post bail as one factor in determining whether or not the defendant is eligible for the appointment of an indigent defender.

In response to growing service animal fraud, the Legislature enacted **HB 3282**, which allows a landlord to request supporting documentation from a tenant who submits a request to maintain an assistance animal, if the disability or need for an assistance animal is not readily apparent. The measure establishes a rebuttable presumption that supporting documentation that was acquired through purchase, or exchange of funds for goods and services, is fraudulent and authorizes a landlord to independently verify the authenticity of any supporting documentation provided. The bill further provides civil immunity to a landlord for injuries caused by a tenant's assistance animal while on the landlord's property. If a tenant is found to have knowingly made false claims about his or her disability in order to maintain an assistance animal, the landlord may use the remedies provided for in the Oklahoma Landlord and Tenant Act and receive up to \$1,000 in damage fees if an eviction order prevails in court.

SB 1249 allows individuals exempt from coverage under the Administrative Workers' Compensation Act (AWCA) to execute an Affidavit of Exempt Status. Execution of the affidavit establishes a rebuttable presumption that the executor is not an employee for the purposes of the AWCA and therefore is not eligible to seek workers' compensation benefits against any contractor for which the individual does subcontracted work. The Workers' Compensation Commission is responsible for processing applications and may charge up to \$50 per individual or business entity for filing an affidavit, which is valid for two years. The bill also establishes penalties for knowingly providing false information on an executed affidavit as a misdemeanor punishable by a fine up to \$1,000.

SB 224 requires a youthful offender to be represented by counsel at every hearing or review until their case is completed or dismissed. Additionally, the court is required to advise the child's counsel, along with certain others, of the factual contents and conclusion of reports before making an order of disposition. The bill also:

- Requires records to be confidential and sealed if submitted to the court during a hearing for
- Certification as a youthful offender or for imposition of an adult sentence;
- Authorizes the Office of Juvenile Affairs (OJA) to recommend that a youthful offender be returned to OJA custody at the age of 18.5 years, until the age of 19, to complete the reintegration phase of the treatment program; and
- Caps the salary of any employee of a county juvenile bureau other than its director at 85 percent of that of Class A county officers.

Revenue and Taxation

SJR 35 refers to a vote of the people a constitutional amendment to create the Oklahoma Vision Fund, which, if approved, will receive an apportionment of 5 percent of revenue from gross production taxes on oil and gas beginning July 1, 2020. For each fiscal year thereafter, the apportionment will grow by .02 percent. Monies deposited to the fund will be invested by the State Treasurer with 4 percent of the average annual principal apportioned yearly to the General Revenue Fund.

HB 1085X increases the gross production tax rate on legacy wells currently taxed at 4 percent to 7 percent. The increased rate will take effect for production occurring on or after the first full month of the effective date of the act and is expected to increase collections by \$51 million in FY 2018 and \$101.5 million in FY 2019.

HB 1010XX creates new and modifies existing taxes. The measure establishes an additional tax on cigarettes equal to 50 mills per cigarette and taxes little cigars at the same rate as cigarettes. For a standard package of 20 cigarettes, the tax amounts to \$1 per pack. Revenue from the new tax on cigarettes collected prior to July 1, 2019, will go to General Revenue Fund. Revenue collected on or after July 1, 2019, will go to the newly created State Health Care Enhancement Fund. The measure also:

- Establishes an additional 3 cent per gallon tax on gasoline and 6 cent per gallon tax on diesel fuel purchased in the state. Revenue collected from the additional motor fuel taxes prior to July 1, 2019, will go to the General Revenue Fund. Revenue collected on or after July 1, 2019, will go to the Rebuilding Oklahoma Access and Driver Safety Fund;
- Taxes all production of oil and gas from wells spudded prior to, and after the effective date of the act, at 5 percent for the first 36 months of production and 7 percent thereafter. In the event that State Question 795 is approved by voters, the statutory gross production tax rate for the initial 36-month production period will be reduced to 2 percent while the constitutional gross production

tax rate at 5 percent for the initial 36 month production period is in effect. (On April 23, 2018, the organizers of the petition announced they were withdrawing the petition.);

- Outlines the apportionment structure for gross production tax on oil and gas levied at the 5 percent rate; and
- Creates the Oklahoma Occupancy Tax Act to establish a hotel occupancy tax equal to \$5 per night for each calendar day a hotel room is rented or leased. (The occupancy tax was later repealed by the passage of HB 1012XX.)

In total, after the repeal of the occupancy tax, the tax revisions are expected to increase state revenue collections by approximately \$429 million in FY 2019.

HB 1011XX establishes a cap on the amount of itemized deductions allowed on a state income tax return. The cap is \$17,000 per return and excludes any amount attributable to charitable contributions and medical expenses that are deductible for federal income tax purposes. The measure is expected to increase income tax collections by \$94 million in FY 2019.

HB 1012XX repeals all provisions related to the enactment of the Oklahoma Occupancy Tax Act in HB 1010XX. The act created a hotel tax equal to \$5 per day per room. The tax would have provided an additional \$46 million in FY 2019 and \$50 million in FY 2020 to the General Revenue Fund.

HB 1015XX affirms that existing motor fuel tax exemptions will apply to the additional taxes on gasoline and diesel fuel enacted in HB 1010XX.

HB 1018XX directs the Oklahoma Tax Commission (OTC) to impose a limit on the amount of cigarette excise tax stamps purchased by a wholesaler to no more than the monthly average amount of stamps sold to the wholesaler during the preceding calendar year, unless supporting documentation of greater probable sales can be provided. The purpose of the limit is to prevent hoarding of stamps in anticipation of the additional cigarette tax levy enacted in HB 1010XX.

HB 1019XX requires any remote seller, marketplace facilitator or referrer with aggregate sales in the state of at least \$10,000 to do one of two things:

- File an election with the OTC to collect and remit sales and use tax due on tangible personal property sold in the state; or
- Comply with notice and reporting requirements established in statute and any required by the OTC.

The measure also outlines the notice and reporting requirements, and establishes a noncompliance penalty

that is the lesser of \$20,000 or 20 percent of total sales in Oklahoma during the previous 12 months.

Lastly, the measure provides priority funding to the Education Reform Revolving Fund (1017 Fund) from use tax collections. For FY 2019, \$19.6 million will be apportioned to the 1017 fund and for FY 2020 and each year thereafter, \$20.5 million will be apportioned to the fund.

HB1034XX sets a \$5 million annual cap for coal tax credits effective tax year 2018 and directs the OTC to use a percentage adjustment formula to determine a percentage by which the credits authorized are to be reduced to satisfy the \$5 million annual cap. In the event that the total tax credits authorized exceed the annual cap, the commission will permit any excess, but must factor the excess into the percentage adjustment formula for subsequent years. Any credit that is unused, because of the cap, may be carried forward until it is fully used.

HB 1036XX sets a \$2 million annual cap for the railroad rehabilitation tax credit effective tax year 2018 and

directs the OTC to use a percentage adjustment formula to determine a percentage by which the credits authorized are to be reduced to satisfy the \$2 million annual cap. In the event that the total authorized tax credits exceed the annual cap, the commission will permit any excess, but must factor the excess into the percentage adjustment formula for subsequent years.

Veterans and Military

HB 3042 directs the Oklahoma Department of Veterans Affairs to develop and construct a long-term care facility for the purpose of assuming the operations of the veterans' center currently located in Talihina. The department may construct new facilities or refurbish facilities on property currently owned by the state or property purchased or donated from other sources. The location of this facility is to be determined by the Oklahoma Veterans Commission.

SB 1576 and **HB 3561** prohibit construction or operation of a wind energy facility from encroaching upon or having a significant adverse impact on the mission, training or operations of any military installation. ■