Oklahoma Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• Originally Constitutionally, the total valuation of property tax levied in the county may not exceed fifteen mills, with five mills going to the school board and the other ten to be divided between the city, county, and towns in which the property may be located.  A constitutional amendment eliminated household, personal and farming taxes in those counties choosing to adopt the exemption, so this base was adjusted to “hold harmless,” at that time the counties, so the counties’ portion may range from 10 to 10.6 mills.  There have been many other amendments to the constitution that have increased mills. Example maximum levies before the adjustment for household personal and livestock exemptions: Schools general - 39, schools building - 5, County library - up to 4, County health - up to 2.5, Career tech general - 10, Career tech building – up to 5, EMS/fire-up to 2.  Sinking funds by cities, schools, career techs and counties that use property tax revenue may or may not be voted on.  An example would be judgments brought against a city.

• General fund money may be budgeted for highway use, while the interest earned on highway funds may be deposited in the general fund of the county if the board of county commissioners approves it. Sometimes countywide sales tax for transportation is put into the General Fund, but must be tracked separately. Almost every question of an additional tax levy requires a vote of the electorate. The one exception is a court judgment against the county that is to be paid by a property tax levy.

• Property taxes for bonded indebtedness requires a 60% majority vote.

* Motor vehicles and aircraft are exempt from personal property tax.

• A county may levy sales and use taxes at a single rate not to exceed 2 percent for any special purpose(s) that it designates. A county may also join with other local governments in the creation of a transportation or regional economic development authority that has the authority to levy an additional 2 percent sales tax for its own purposes. Implementation of any of these taxes requires the approval of a majority of qualified voters in an election.

• County commissioners have the authority to lay out, establish, construct, alter and vacate county highways; however, the county shares that power with respect to a road which serves a public entity with land on both sides of the road. In such a case, the public entity also has authority over the road.

• The Board of County Commissioners may establish two types rural road improvement districts in the unincorporated areas of the county.

1. One district, upon petition of 10 land titleholders or 51% of the voters living therein requesting the Board of County Commissioners to form and has an elected board of property owners that control the project. The project is either funded with funds on hand, pay as you go, or by bonds sold by the district’s board where revenue to pay for bonds shall not exceed 5 mills. An additional 3 mills may be levied for operation of the district and/or maintenance of the road.
2. The other district requires 60% of the property owners to approve but the Board of County Commissioners facilitate the project let to contract. The contractor is paid either within 30 days, over ten years with interest so it is contractor financed, or by road improvement bonds issued by the county.

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• County Highway Fund: A portion of the revenues from state taxes on gasoline and diesel fuels and a portion of state registration fees imposed on manufactured homes and other motor vehicles based upon factors that include the county’s land area, county road mileage and county population. A county’s apportionment is several formulas that use proportional shares of each factor as it relates to the total statewide county totals. Counties that have drilling activity that results in production receive a portion of the 7% tax on natural gas and oil. On natural gas and oil it is 7.14% of the 7% gross production tax. All revenues must be dedicated to the construction and maintenance of bridges and highways. In FY 2013 the total amount apportioned was over 260 million dollars.

• The Oklahoma Transportation Commission approved a five-year, $900 million improvement plan for county roads and bridges that incorporates funding from Federal, state, Tribal and County sources. The County Improvements for Roads and Bridges, CIRB, funds comprise of 85% of the total funding of this plan. This includes the replacement of 557 county bridges and reconstruction of 999 miles of county roads. The plan has a total of 680 projects that will be let to construction by the Oklahoma Department of Transportation.

• The county road and bridge plan continues the commission’s efforts to use more than 2,000 recycled bridge beams from the old I-40 expressway bridge for use on county bridge replacement projects. Since late 2012, more than 25 county bridge projects have used recycled beams and 13 more are under construction.

• HB1080 reallocates a total of 5 percent over the next two years (FY2014-2015) from the Oklahoma Vehicle License and Registration Act for use on the major collector system, over 15,000 miles, in all 77 counties, resulting in $30 million in new revenue to invest in county highways and bridges. This revenue is generated by the license tag fees paid by drivers annually and is currently going into the State’s General Revenue fund. This bill did not pass in 2013 but is still active for the Legislature to consider in 2014.

• County Bridge and Road Improvement (CBRI) Funds average $24 million a year (2013) and disbursed directly by the Tax Commission to the county. This fund is used for County Built, contract projects and maintenance on roads and bridges. Sources of revenue for the fund are the gasoline and diesel tax, special fuel tax and a gross production tax on oil. Every county gets a small share, 3.745% of the 7% tax on oil going into this fund regardless if there is any gross production activity.

• Counties may impose a countywide sales tax for roads and bridges that are tracked separately regardless which account it is deposited into. In 2012, 18 counties generated 28 million for roads and bridges. The total sales tax collected in 2012 was over 320 million with 92% of this tax going to jails operations, rural fire/health departments, health and other services.

## **Challenges in Funding and Financing Transportation Projects:**

• In the event of a disaster or severe weather, counties cannot use FEMA disaster funding to repair damage on the county major collector system.

* Revenues from state taxes on gasoline and diesel fuels have not kept pace with construction and maintenance costs or have leveled off as vehicles become more efficient and alternative fuels have been introduced.

## **Innovative Solutions to Funding and Financing Challenges**

• Counties are using more than 2,000 recycled bridge beams from the old I-40 expressway bridge to replace over 300 bridges, saving money and recycling resources.