

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB 2359
Version:	Conference Committee Substitute Request No. 10951
Author:	Rep. Miller & Sen. Johnson
Date:	May 24, 2010
Impact:	FY11: Revenue Increase of \$80.3 Million

Bill Summary

Research Analyst: Dusty Darr

The Conference Committee Substitute (CCS) for House Bill 2359 relates to the Oklahoma Use Tax Code. The measure requires retailers and vendors making sales of tangible personal property from a place of business outside the state to provide notification on its retail Internet website or catalog and invoices provided to its customers that use tax is imposed and must be paid by the purchaser, unless otherwise exempt, on the storage and use of the property in the state. This requirement, except for the notification on invoices, applies to online auction websites. The CCS directs the Tax Commission to define the term “online auction website” via the promulgation of a rule.

The CCS authorizes the Tax Commission to require the filing of reports by entities having information relating to the sales of qualifying property subject to the tax. Such reports are required to contain the names and addresses of purchasers of the property, the purchase price of the property, the date of sale and other information that the Tax Commission may require. In addition, such reports are required to be filed with the Tax Commission by the last day of February following each calendar year. This requirement, however, does not apply to those entities whose receipts from sales are less than \$100,000.00 in the prior year. In order to encourage the voluntary registration, collection and remittance of owed use taxes, the CCS also authorizes the Tax Commission to establish a retailer Compliance Initiative for out-of-state retailers and an outreach program to internet retailers.

The measure also contains a provision requiring individuals who prepare individual state tax returns to advise their clients of their responsibility to remit use taxes through the use tax remittance line on individual income tax returns.

Fiscal Summary

Fiscal Analyst: Diane Thomas

CCS for HB 2359 (effective July 1, 2010) includes:

Sales & Use Tax:

- Sections 1-6 relate to internet sales and nexus issues;
- Sections 7 & 8 requires tax preparers to notify taxpayers about use tax returns and discounts (same as for sales tax returns) for timely payments of use tax;

- Sections 8 and 16 decrease the discount for vendors to 1% and caps the discount at \$2,500;
- Section 9 relates to the Tax Commission (OTC) procedures for electronic payments;
- Section 10 relates to OTC and municipal procedures;
- Section 11 relates to OTC procedures;
- Section 12 relates to the OTC and State Finance Joint Computer Enhancement Fund;
- Section 13 relates to procedures with OTC and local governments;
- Section 14 provides greater coordination with other states for enhanced collections;
- Section 15 authorizes OTC to contract with certified service providers;
- Section 16 and 8 decrease the discount for vendors to 1% and caps the discount at \$2,500;
- Sections 17 and 18 requires local governments to contract with OTC for collections and provides procedures relating to local audits; and
- Section 19 increases the coin operated device fee to \$150 (from \$50).

Motor Vehicle Tax:

- Sections 20-23 extends the portion (\$.50) of the apportionment for certain penalties to the General Revenue Fund and then in FY12 to the Highway Fund;

Gasoline & Diesel Tax:

- Section 24 eliminates the discount for electronically remitting gasoline fuel tax;
- Section 24 eliminates the discount for electronically remitting diesel fuel tax;
- Section 25 provides persons may hold both retail and wholesale licenses;
- Section 26 provides an effective date of July 1, 2010; and
- Section 27 includes the emergency clause.

Fiscal Analysis

The anticipated revenue increases from the measure is \$80,326,000 million in FY11 as follows:

Sections 1-7; 9-15 and 17-18	\$39,926,000
Sections 8 & 16	11,900,000
Section 19	6,000,000
Sections 20-23	16,400,000
Section 24	6,100,000
Section 25	0
Total	\$80,326,000

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director