

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** January 21, 2014

**BILL NUMBER:** HB 3155 **STATUS AND DATE OF BILL:** Introduced 11/18/2013

**AUTHORS:** House Wright Senate n/a

**TAX TYPE (S):** Sales Tax **SUBJECT:** Exemption

**PROPOSAL:** Amendatory 68 O.S. 1357

The measure proposes a sales tax exemption for sales of dyed diesel fuel as defined in Section 500.3 of Title 68<sup>1</sup>.

**EFFECTIVE DATE:** Emergency-July 1, 2014

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: A decrease of \$20,380,000 in state sales tax revenue.

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: None

<u>Jan. 21, 2014</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	<u>msm</u>
<u>1-21-2014</u> DATE	<u>Keece Womack</u> KEECE WOMACK, ECONOMIST	
<u>Jan 21, 2014</u> DATE	<u>Dan Cash</u> FOR THE COMMISSION	

<sup>1</sup> "Dyed diesel fuel" means diesel fuel that is required to be dyed pursuant to United States Environmental Protection Agency rules or is dyed pursuant to Internal Revenue Service rules or pursuant to any other requirements subsequently set by the United States Environmental Protection Agency or Internal Revenue Service including any invisible marker requirements;

**ATTACHMENT TO FISCAL IMPACT--HB 3155-[Introduced] Prepared January 21, 2014**

The measure proposes a sales tax exemption for sales of dyed diesel fuel as defined in Section 500.3 of Title 68.

Oklahoma Tax Commission records indicate that 453,666,000 gallons of red dyed diesel were sold in FY 13. For purposes of this impact it is assumed that 70% or 317,566,200 gallons of red dyed diesel sales are not subject to sales tax due to statutorily provided use and entity based sales tax exemptions<sup>2</sup> resulting in 136,099,800 gallons of red dyed diesel that are subject to sales tax.

Multiplying 136,099,800 by an average price \$3.23 per gallon yields an estimated \$439,602,354 in taxable red dyed diesel sales. Application of the state sales tax rate of 4.5% (including inflation rate adjustments of 1.5%) results in an estimated \$20,380,020 decrease in state sales tax collected for FY 15.

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<sup>2</sup> Agricultural production, along with commercial vessels, barges, and other commercial watercraft, certain construction projects, volunteer fire departments, rural electrical cooperatives among others.