

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** March 11, 2016

**BILL NUMBER:** HB 1553 **STATUS AND DATE OF BILL:** Engrossed 03/08/2016

**AUTHORS:** House Sears Senate Mazzei

**TAX TYPE (S):** Ad Valorem **SUBJECT:** Other

**PROPOSAL:** New Law

The measure proposes to allow a company primarily engaged in the rental of heavy equipment property<sup>1</sup> in this State to include as part of the rental invoice a 1.50% recovery fee on the heavy equipment rental charge to its customers for the purpose of paying personal property taxes levied on such equipment.

**EFFECTIVE DATE:** January 1, 2017

**REVENUE IMPACT:**

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

FY 17: Unknown  
FY 18: Unknown

**ADMINISTRATIVE IMPACT:**

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

FY 17: None

<u>Mar. 11, 2016</u> DATE	<u>Rich Miller</u> DIVISION DIRECTOR	cjc
<u>3-15-16</u> DATE	<u>Reece Womack</u> REECE WOMACK, ECONOMIST	
<u>3/20/16</u> DATE	<u>Dan Gagliardi</u> FOR THE COMMISSION	

<sup>1</sup> Heavy equipment property is defined under the proposed measure as property owned or held by a rental business classified under code 532412, 532310, or 423810 of the 2002 North American Industry Classification System (2012) as published by the Bureau of the Census.

**ATTACHMENT TO FISCAL IMPACT-HB 1553-[Engrossed]-Prepared March 11, 2016.**

Section 1 creates the Heavy Equipment Rental Fee Act.

Section 2 proposes to allow a company primarily engaged in the rental of heavy equipment property in this State to include as part of the rental invoice a 1.50% recovery fee on the heavy equipment rental charge to its customers for the purpose of paying personal property taxes levied on such equipment.

Section 3 defines heavy equipment as property owned or held by a rental business classified under code 532412, 532310, or 423810 of the 2002 North American Industry Classification System (2012) as published by the Bureau of the Census. It also defines rental charge to mean the charge of the rental of heavy equipment property and does not include any other cost such as pickup and delivery, fuel or damage waiver.

Section 4 provides that the recovery fee shall not be subject to state or local sales tax.

Section 5 provides that on or before March 15<sup>th</sup>, each business collecting the surcharge is required to submit to the Oklahoma Tax Commission a report outlining the total personal property taxes paid statewide along with total surcharge collections. If the surcharge collections exceed taxes paid, the excess must be remitted to the OTC.

Section 6 requires that the OTC transmit these excess amounts by April 15<sup>th</sup> to the State Treasurer for deposit to the General Revenue Fund.

There is no impact to local property tax revenues. The extent to which state revenues are impacted is unknown.