

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** February 13, 2016

**BILL NUMBER:** SB1092 **STATUS AND DATE OF BILL:** Introduced 01/19/2016

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

**TAX TYPE (S):** Tobacco Products **SUBJECT:** Apportionment

**PROPOSAL:** Amendatory 68 O.S. § 402-3

The measure proposes to modify Section 402-3 of Title 68 relating to the tobacco products tax apportionment of revenues attributable to the new rate imposed pursuant to this Section on cigars, chewing tobacco and smoking tobacco, by capping the amount of tobacco products tax collections apportioned to specified funds at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund.

**EFFECTIVE DATE:** July 1, 2016 - Emergency

### REVENUE IMPACT:

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

FY 17: An estimated increase of \$5,224,000 to the General Revenue Fund with a similar reduction to certain other funds. (See attached analysis).

### ADMINISTRATIVE IMPACT:

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

FY 17: None

Feb. 13, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

msm

2-13-16  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2/13/16  
DATE

Don Cook  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT – SB 1092 [Intro] - Prepared 02/13/2016**

The measure proposes to modify Section 402-3 of Title 68 relating to the tobacco products tax apportionment of revenues attributable to the new rate imposed pursuant to this Section on cigars, chewing tobacco and smoking tobacco, by capping the amount of tobacco products tax collections apportioned to specified funds at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund.

**Analysis**

Pursuant to the Oklahoma Tax Commission Revenue Forecast<sup>1</sup>, the state will collect an estimated \$4,648,000 in tax revenues attributable to the new tobacco tax rates imposed pursuant to Section 402-3 of Title 68 on tribal sales of tobacco products in FY 17. FY 13 collections related to the new tobacco tax rate for these sales totaled \$7,924,161. There has been no change in the applicable apportionment percentages relating to the specific funds for the periods at issue. Therefore, since the projected FY 17 collections relating to tribal compact sales of tobacco products are less than FY 13 collections, no revenue impact is estimated to occur as a result of subsection C of Section 1 of this measure.

The proposed apportionment changes in subsection B relating to the new rate imposed on all other tobacco products sales will result in a total estimated increased apportionment for the General Revenue Fund in the amount of \$5,223,617 along with the following estimated decreases for the following apportionment funds:

<b>Tobacco Apportionment SB 1092</b>	<b>FY 17 Estimate</b>	<b>FY13 Cap</b>	<b>Amount Transferred to GRF</b>
Health Employee and Economy improvement Act Revolving Fund	\$ 6,606,529	\$ 4,857,719	\$ 1,748,810
Oklahoma Health Care Authority Medicaid Program Fund	\$ 7,900,282	\$ 5,809,004	\$ 2,091,279
Department of Mental Health and Substance Abuse Services Revolving Fund	\$ 793,622	\$ 583,543	\$ 210,079
Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund	\$ 131,771	\$ 96,890	\$ 34,881
Tobacco Prevention and Cessation Revolving Fund	\$ 197,657	\$ 145,335	\$ 52,322
Cities and Counties	\$ 4,261,600	\$ 3,175,354	\$ 1,086,247
<b>Total</b>			<b>\$ 5,223,617</b>

<sup>1</sup> Oklahoma Tax Commission – Revenue Forecast for FY 17 issued December 15, 2015.