

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: SB 1241 **STATUS AND DATE OF BILL:** Introduced 01/20/2016

AUTHORS: House n/a Senate Mazzei

TAX TYPE (S): Gasoline, Diesel, Gross Production, and Motor Vehicle

SUBJECT: Apportionment **PROPOSAL:** Amendatory

SB 1241 proposes to change apportionment of gasoline, diesel, gross production, and motor vehicle taxes by implementing a cap equal to the amount apportioned in FY 13 for certain funds. Any amounts which exceed the limitation will be deposited in the General Revenue Fund.

EFFECTIVE DATE: Emergency – July 1, 2016

REVENUE IMPACT:

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

FY 17: An estimated \$34,963,000 increase to the General Revenue Fund with a similar decrease to various funds.

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

cjc:mel

2-13-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/14/16
DATE

Dave Cas
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SB 1241-[Introduced] Prepared 02/13/2016

SB 1241 proposes to change apportionment of gasoline, diesel, gross production, and motor vehicle taxes by implementing a cap equal to the amount apportioned in FY 13 for certain funds. Any amounts which exceed the limitation will be deposited in the General Revenue Fund.

Section 1

This Section proposes an amendment to the apportionment of revenues associated with gasoline excise, compressed natural gas and liquefied natural gas that would place a limitation on the total amount to be apportioned. The limitation sets a ceiling equivalent to the total amount of revenue that was apportioned for the fiscal year ending on June 30, 2013 for such products. The proposed amendment becomes effective with revenues being apportioned July 1, 2016.

Based on yearly trend analysis of revenue collections for the excise tax from fiscal year 2013 through fiscal year 2015, the estimated amount of revenue to be collected for fiscal year 2017 totals \$312 Million. The total amount of revenue collected for fiscal year 2013 totaled \$295.7 Million. Therefore, the incremental amount of revenue exceeding the proposed limitation totals \$15.6 Million, which results in the following estimated impact to the designated funds:

GASOLINE 68 O.S. § 500.6	FY 17 REVENUE REDUCTIONS BY FUND
Counties for Highways	\$4,696,760
County Bridge & Road Improvement Fund	\$358,123
GASOLINE 68 O.S. § 500.6	FY 17 REVENUE GAINS BY FUND
General Revenue Fund	\$5,054,883

Section 2

The measure proposes to modify diesel fuel tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of diesel fuel tax collections apportioned to various funds provided in Section 500.7 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund. For purposes of this impact it is assumed that no growth in diesel fuel tax collections will occur during the relevant periods and consequently estimated diesel fuel tax revenues for FY 17 will equal diesel fuel collections for FY 15.

DIESEL FUEL 68 O.S. § 500.7	ESTIMATED FY 2017 TOTALS	FY 13 APPORTIONED	EXCESS to GRF
Counties	\$33,588,594	\$30,500,645	\$3,087,949
County Bridge & Road Improvement Fund	\$3,708,764	\$3,367,801	\$340,963

Section 3

The measure proposes to modify Section 1004 of Title 68 relating to the gross production tax apportionment of revenues for fiscal years beginning July 1, 2016, by capping the amount of gross production 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. The capped funds include County Bridge and Road Improvement Fund and Counties for Highways.

Pursuant to the Oklahoma Tax Commission Revenue Forecast¹, the state will collect an estimated \$72,302,000 net revenue to apportion in crude oil gross production tax revenues and an estimated \$91,877,000 net revenue to apportion in natural gas gross production tax revenues in FY 17.² In FY 13, the state apportioned \$418,717,211 from crude oil collections and \$94,859,051 from natural gas collections.³ 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 are less than the FY 13 collections, no revenue impact is estimated to occur as a result of this measure.

Section 4

The measure proposes to modify motor vehicle tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of motor vehicle tax collections apportioned to various funds provided in Section 1104 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund. The legislation also proposes to increase the General Revenue apportionment percentage from 24.84% to 24.87% beginning July 1, 2016. The .03% apportionment to the Wildlife Conservation Fund sunsets on June 30, 2016.

MOTOR VEHICLE 47 O.S. § 1104	ESTIMATED FY 2017 TOTALS	HB 2244⁴ FY 15 CAP	FY 13 APPORTIONED	EXCESS to GRF
Counties for Highways (Counties for Roads)	\$50,558,507	\$52,276,851	\$47,738,002	\$2,820,505
Counties for County Roads (County Road Fund)	\$18,086,538	\$18,701,249	\$17,075,040	\$1,011,498
Counties for Highway Funds (County Road Impr. Rev. Fund)	\$25,279,254	\$26,138,426	\$23,869,001	\$1,410,253
Counties for General Funds (Counties for County Govt.)	\$5,796,072	\$5,993,064	\$5,471,224	\$324,848
County Improvement (Roads and Bridges Fund)	\$139,664,384	\$120,000,000	\$99,297,007	\$20,702,993
Wildlife Conservation Fund	\$209,497	N/A	N/A	\$209,497

¹ Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2016.

² Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2016.

³ Oklahoma Tax Commission – Apportionment Report for FY 13.

⁴ FY 15 caps established pursuant to the passage of HB 2244 by Laws 2015, c. 350 § 1.