

**BILL SUMMARY**  
1st Session of the 54<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1104</b>
<b>Version:</b>	<b>CCS</b>
<b>Request Number:</b>	<b>8067</b>
<b>Author:</b>	<b>Rep. Sears</b>
<b>Date:</b>	<b>5/23/2013</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Administrative Savings of \$36,700</b>

**Research Analysis**

Not required.

Prepared By: Marcia Goff

**Fiscal Analysis**

**Section 1** amends the violation and fine provision applicable to consumers who purchase or bring into this state unstamped cigars or tobacco products and fail to pay the tax thereon providing that any person who possesses more than one thousand small or large cigars or 216 ounces of chewing or smoking tobacco products in packages or containers for which the required tax has not been paid shall be punished by administrative fines<sup>1</sup> in the amounts provided in Section 418(D) of Title 68<sup>2</sup>.

There is no estimated revenue or administrative impact associated with this measure.

**Section 2** amends the violation and fine provision currently applicable to persons violating any provision of the Tobacco Tax Code, providing that any person who possesses more than one thousand small or large cigars or 216 ounces of chewing or smoking tobacco products in packages or containers for which the required tax has not been paid shall be punished by administrative fines<sup>1</sup> in the amounts provided in Section 418(D) of Title 68<sup>2</sup>.

There is no estimated revenue or administrative impact associated with this measure.

**Section 3** proposes to amend Title 68 O.S. §1356(22) which sets forth the sales tax exemption for certain health centers to correct an out-of-date statutory reference to Title 42 of the United States Code. Health centers were previously referenced as “federally qualified community health centers” and “migrant health centers” in 42 USC §254(c) and §254(b) respectively. The federal law now combines these areas of law in §254(b) and uses the term “health center.” This amendment proposes to update 68 O.S. §1356(22) to reflect said federal changes.

There is no estimated revenue or administrative impact associated with this measure.

**Section 4** amends 68 O.S. §1359(1) which sets forth the sales tax exemption for manufacturers to correct an erroneous statutory reference to paragraph 9 of Section 1352 of Title 68 which currently defines “electronic”. The reference should be to paragraph 14 of section 1352 which defines “manufacturing”. When Section 1359(1) was amended by Laws 1998 c. 301 § 7, paragraph 9 of Section 1352 defined ‘manufacturing’ which is presently defined in paragraph 14 of Section 1352.

There is no estimated revenue or administrative impact associated with this measure.

**Section 5** repeals 68 O.S. §1368.2 which requires the Tax Commission to annually mail to all holders of sales tax permits a notice informing such permit holder of the statutory penalties for violations of the Oklahoma Sales Tax Code. The Notice to Vendors of Penalties for Violating the Oklahoma Sales Tax Code will continue to be posted on the OTC website and will be provide when a taxpayer applies for a sales tax permit.

In accordance with 68 O.S. §1368.2, this past year, 84,123 penalty notices were sent by the OTC to Oklahoma vendors. The cost of postage, paper and envelopes in the approximate of \$36,700 is attributable to this mailing. Therefore, repeal of this measure would result in administrative savings to the OTC of approximately \$36,700.

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1 Administrative fines collected pursuant to Section 418(D) of Title 68 are to be deposited in the revolving fund for the Office of the Attorney General.

2 In accordance with Section 418(D) of Title 68, first offences are punished by an administrative fine of not more than \$5,000 and a second or subsequent offense by an administrative fine or not more the \$20,000.

Prepared By: Mark Tygret

### **Other Considerations**

None.