

**BILL SUMMARY**  
2<sup>nd</sup> Extraordinary Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1010XX</b>
<b>Version:</b>	<b>FA1</b>
<b>Request Number:</b>	<b>50392</b>
<b>Author:</b>	<b>Rep. Wallace</b>
<b>Date:</b>	<b>3/26/2018</b>
<b>Impact:</b>	<b>See table</b>

**Research Analysis**

Floor amendment 1 to HB1010XX establishes and modifies numerous taxes.

The measure establishes an additional tax on cigarettes equal to 50 mills per cigarette. For a standard package of 20 cigarettes, the tax amounts to \$1.00 per pack. The measure also makes little cigars taxed at the same rate as cigarettes and establishes a 10 percent tax on chewing tobacco, smokeless tobacco and snuff. A section of law relating to the apportionment of revenue from taxes on little cigars is also repealed. Revenue from the new tax on cigarettes and tobacco products collected prior to July 1, 2019 will go to General Revenue Fund. Revenue collected on or after July 1, 2019 will go to the newly created State Health Care Enhancement Fund.

The measure also establishes an additional 3 cent per gallon tax on gasoline and 6 per gallon tax on diesel fuel purchased in the state. Revenue collected from the additional motor fuel taxes prior to July 1, 2019 will go to the General Revenue Fund. Revenue collected on or after July 1, 2019 will go to the Rebuilding Oklahoma Access and Driver Safety Fund.

The measure also makes all production of oil and gas from wells spudded prior to and after the effective date of the act taxed at five percent for the first 36 months of production and seven percent thereafter. In the event that State Question 795 is approved by voters, the statutory gross production tax rate for the initial 36 month production period will be reduced to two percent while the constitutional gross production tax rate at five percent for the initial 36 month production period is in effect. The measure also outlines the apportionment structure for gross production tax on oil and gas levied at the five percent rate.

Finally, the measure creates the Oklahoma Occupancy Tax Act to establish a hotel occupancy tax equal to \$5.00 per night for each calendar day a hotel room is rented or leased. All revenue from the state occupancy tax will go to the General Revenue Fund.

Prepared By: Quyen Do

**Fiscal Analysis**

## Revenue and Expenditure Preliminary Analysis

3-25-18 Version      DRAFT

Sources: Tax Commission (reviewed 3-22) OMES correspondence	FY-19		Annual	
	Total	Appropriations Authority	Total	Appropriations Authority
<b>Gross Production Rate from 2.0% to 5.0%</b>	<u>170,485,000</u>	<u>158,420,872</u>	<u>204,582,000</u>	<u>190,105,046</u>
Natural Gas	71,120,000	67,564,000	85,344,000	81,076,800
Oil	99,365,000	90,856,872	119,238,000	109,028,246
<b>\$1.00 Excise Tax on Cigarettes</b>	152,074,000	144,470,300	152,074,000	144,470,300
<b>Cigars, Tobacco Products</b>	<u>11,284,167</u>	<u>10,719,959</u>	<u>12,310,000</u>	<u>11,694,500</u>
Little Cigars as Cigarettes	954,000	906,300	954,000	906,300
Added 10% Tax on Chewing Tobacco	10,266,667	9,753,333	11,200,000	10,640,000
<b>Motor Fuels</b>	<u>104,982,615</u>	<u>99,733,494</u>	<u>114,526,500</u>	<u>108,800,175</u>
Gasoline - \$0.03/gallon	51,979,125	49,380,169	56,704,500	53,869,275
Diesel - \$0.06/gallon	53,003,500	50,353,325	57,822,000	54,930,900
<b>Lodging Tax - \$5.00 per day</b>	46,200,000	43,890,000	50,400,000	47,880,000
<b>TOTAL REVENUE</b>	<b>\$484,962,292</b>		<b>\$533,736,500</b>	
<b>TOTAL APPORTIONED AND CERTIFIED REVENUE</b>		<b>\$457,174,299</b>		<b>\$502,801,821</b>
<b>ALL RESOURCES</b>		<b>\$457,174,299</b>		

Prepared By: Mark Tygret

### Other Considerations

None.