

BILL SUMMARY
1st Extraordinary Session of the 56th Legislature

Bill No.:	HB 1035X
Version:	FULLPCS1
Request Number:	50191
Author:	Rep. Wallace
Date:	10/24/2017
Impact:	See Table Below

Research Analysis

HB1035X modifies the taxes levied by the state on the consumption of the following products: cigarettes, little cigars and chewing tobacco, motor fuels and low-point beer.

The measure establishes a new tax on cigarettes equal to 75 mills (\$.075) per cigarette. For a standard package of 20 cigarettes, the tax is equal to \$1.50 per pack. The measure also establishes a new 10 percent tax on chewing tobacco and modifies the tax on little cigars by making them taxed at the same rate as cigarettes. Revenue from the new tax on cigarettes and chewing tobacco earned prior to July 1, 2018 will go to the General Revenue Fund. After July 1, 2018, revenue from the new taxes will go to the newly created Health Care Enhancement Fund.

The measure also establishes a new tax on gasoline and diesel fuel equal to \$.06 per gallon. Revenue from the new tax on motor fuels earned prior to July 1, 2018 will go to the General Revenue Fund. After July 1, 2018, revenue from the new taxes will go to the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund.

Lastly, the bill modifies the tax on low-point beer by making it taxed at the same rate as mixed beverages, which is 13.5 percent. Currently, low-point beer is treated as a grocery item and is only subject to state and local sales tax.

Prepared By: Quyen Do

Fiscal Analysis

The Tax Commission has provided estimates for:

- Cigarette Excise Tax increase of \$1.50 per pack equivalent
- Little cigars and smokeless tobacco products:
 - Little cigars taxed similar to cigarettes
 - Ten percentage point (10%) increase in factory list price basis for taxation of smokeless tobacco products
- Motor fuels – increase of \$0.06 per gallon
- Mixed Beverage Gross Receipts Tax – extend base to include low-point beer

HB 1035

	FY-18		FY-19	
	Total	Appropriations Authority	Total	Appropriations Authority
\$1.50 Excise Tax on Cigarettes	\$107,434,000	\$102,062,300	\$243,516,000	\$231,340,200
Cigars, Tobacco Products				
Little Cigars as Cigarettes	694,000	152,680	1,665,000	366,300
Smokeless Tobacco, Chewing Tobacco	3,733,000	3,546,350	11,200,000	10,640,000
Reduce Purchaser Discount from \$0.015 to \$0.01 per stamp	495,000	108,900	1,187,000	261,140
Motor Fuels - \$0.06/gallon Gasoline and Diesel Fuel	56,810,000	53,969,500	170,430,000	161,908,500
Expand Mixed Beverage Gross Receipts to Low-Point Beer (FY-18 - 4 months, FY-19 - 4 months)	14,592,000	13,862,400	14,592,000	13,862,400
TOTAL REVENUE	\$183,758,000		\$442,590,000	
TOTAL REVENUE APPORTIONED		\$173,702,130		\$418,378,540

Prepared By: Mark Tygret

Other Considerations

None.