

BILL SUMMARY
1st Extraordinary Session of the 56th Legislature

Bill No.:	HB 1054X
Version:	FULLPCS1
Request Number:	50214
Author:	Rep. Wallace
Date:	10/27/2017
Impact:	Tax Commission Estimates: See Table Below

Research Analysis

HB1054X modifies the taxes levied by the state on the consumption of the following products: cigarettes, little cigars and chewing tobacco, motors fuels and low-point beer. The measure also modifies the rate at which oil and gas production from new wells is assessed for the first 36 months of production.

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 at 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.

The bill also 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.

Lastly, the bill establishes a 4 percent reduced rate for production of oil or gas from a well spudded on or after the effective date of the act. The reduced rate is applicable for the first 36 months of production. Currently, production from new wells established after July 1, 2015 are taxed a reduced rate of 2 percent for the first 36 months of production.

Prepared By: Quyen Do

Fiscal Analysis

Revenue Analysis - HB 1054X Estimates

Sources: Tax Commission - Revised 10-26-17	FY-18		FY-19	
	Total	Appropriations Authority	Total	Appropriations Authority
\$1.50 Excise Tax on Cigarettes - February 1	\$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
Restore Earned Income Tax Credit Refundability - Tax Year 2018			(28,311,000)	(25,399,780)
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
Gross Production Rate from 2.0% to 4.0% (2-1-18)	3,364,000	3,195,800	13,456,000	12,783,200
Net Revenue Change		176,789,030		405,500,820

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Other Considerations

None.