

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 2382
Version:	FULLPCS1
Request Number:	7995
Author:	Rep. Leslie Osborn
Date:	5/15/2017
Impact:	Tax Commission:
Revenue Neutral –Apportionment Change	

Research Analysis

HB2382 modifies the apportionment of an existing tax on cigarettes equal to 40 mills per cigarette to various funds and redirects the majority of the collections to the General Revenue Fund. The measure:

- decreases, from 22.06 to 6.62 percent, the portion of the 40 mill tax going to Health Employee and Economy Improvement Act Revolving Fund;
- decreases, from 7.50 to 2.25 percent, the portion of the 40 mill tax going to the Trauma care Assistance Revolving Fund and Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund;
- decreases, from 26.38 to 7.91 percent, the portion of the 40 mill tax going to the Oklahoma Health Care Authority Medicaid Program Fund;
- decreases, from 2.65 to .8 percent, the portion of the 40 mill tax going to the Department of Mental Health and Substance Abuse Services Revolving Fund;
- decreases, from .44 to .13 percent, the portion of the 40 mill tax going to the Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund;
- decreases, from 2.07 to .62 percent, the portion of 40 mill tax going to the Education Reform Revolving Fund;
- decreases, from .66 to .2 percent, the portion of the 40 mill tax going to the Tobacco Prevention and Cessation Revolving Fund;
- increases, from 16.83 to 70.69 percent, the portion of the 40 mill tax going to the General Revenue Fund; and
- modifies the formula for determining by the apportionment percentage that municipalities will receive from the 40 mill tax.

The measure also modifies the apportionment of cigarette taxes collected in accordance with tobacco compact agreements between the state and select tribal entities. The measure:

- decreases, from 33.49 to 10.05 percent, the portion going to the Health Employee and Economy Improvement Act Revolving Fund;
- decreases, from 11.39 to 3.42 percent, the portion going to the Trauma Care Assistance Revolving Fund and Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund;
- decreases, from 40.06 to 12.02 percent, the portion going to the Oklahoma Health Care Authority Medicaid Program Fund;
- decreases, from 4.01 to 1.2 percent, the portion going to the Department of Mental Health and Substance Abuse Services Revolving Fund;
- decreases, from .67 to .2 percent, the portion going to the Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund;
- decreases, from 1 to .3 percent, the portion going to the Tobacco Prevention and Cessation Revolving Fund; and

-adds an apportionment for the General Revenue Fund equal to 63.43 percent.

Lastly, the measure changes the apportionment of all revenue from fees and penalties assessed against cigarette manufacturers, distributors and retailers by diverting 70 percent of the revenue to the General Revenue Fund and the remaining 30 to the Tax Commission Reimbursement Fund. Currently, 100 percent of this revenue goes to the Tax Commission Reimbursement Fund.

Prepared By: Quyen Do

Fiscal Analysis

The provisions of the measure modify the apportionment of certain portions of the 40 mill per cigarette excise tax and the tobacco products taxes levied beginning in 2005 by apportioning additional revenue to the General Revenue Fund. Preliminary estimates show an additional \$71.8 million from cigarettes and \$12.6 million from tobacco products accruing to the General Revenue Fund.

Prepared By: Mark Tygret

Other Considerations

None.