

**BILL SUMMARY**  
1<sup>st</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2382</b>
<b>Version:</b>	<b>FULLPCS2</b>
<b>Request Number:</b>	<b>8030</b>
<b>Author:</b>	<b>Rep. Leslie Osborn</b>
<b>Date:</b>	<b>5/17/2017</b>
<b>Impact:</b>	<b>Tax Commission:</b>
<b>Revenue Neutral –Apportionment Change</b>	

**Research Analysis**

HB2382 modifies the apportionment of an existing tax on cigarettes equal to 40 mills per cigarette and existing taxes on little cigars, big cigars, smoking tobacco and chewing tobacco by redirecting the majority of the collections to the General Revenue Fund. The measure:

- decreases, from 22.06 to 11.03 percent, the portion going to Health Employee and Economy Improvement Act Revolving Fund;
- decreases, from 7.50 to 3.75 percent, the portion going to the Trauma care Assistance Revolving Fund and Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund;
- decreases, from 26.38 to 13.19 percent, the portion going to the Oklahoma Health Care Authority Medicaid Program Fund;
- decreases, from 2.65 to 1.325 percent, the portion going to the Department of Mental Health and Substance Abuse Services Revolving Fund;
- decreases, from .44 to .22 percent, going to the Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund;
- decrease, from 1 to .5 percent, the portion going to the Teachers' Retirement System Revolving Fund;
- decreases, from 2.07 to 1.035 percent, the portion going to the Education Reform Revolving Fund;
- decreases, from .66 to .33 percent, the portion going to the Tobacco Prevention and Cessation Revolving Fund;
- increases, from 16.83 to 55.325 percent, the portion 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 and taxes on little cigars, big cigars, smoking tobacco and chewing tobacco collected in accordance with tobacco compact agreements between the state and select tribal entities. The measure:

- decreases, from 33.49 to 16.745 percent, the portion going to the Health Employee and Economy Improvement Act Revolving Fund;
- decreases, from 11.39 to 5.695 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 20.03 percent, the portion going to the Oklahoma Health Care Authority Medicaid Program Fund;
- decreases, from 4.01 to 2.005 percent, the portion going to the Department of Mental Health and Substance Abuse Services Revolving Fund;
- decreases, from .67 to .335 percent, the portion going to the Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund;

-decreases, from 1 to .5 percent, the portion going to the Tobacco Prevention and Cessation Revolving Fund; and  
-adds an apportionment for the General Revenue Fund equal to 45.31 percent.

Lastly, the measure changes the apportionment of all revenue from fees and penalties assessed against cigarette manufacturers, distributors and retailers by diverting 50 percent of the revenue to the General Revenue Fund and the remaining 50 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 and decreasing apportionment to a number of funds. Preliminary estimates show an additional \$51,326,726 from cigarettes and \$12,550,140 from tobacco products accruing to the General Revenue Fund.

Prepared By: Mark Tygret

### **Other Considerations**

None.