

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB3713
Version:	FULLPCS1
Request Number:	15176
Author:	Rep. Wallace/Sen. David
Date:	4/23/2018
Impact:	Eliminates Tax Loophole that could Negatively Impact State Revenue

Research Analysis

The proposed committee substitute for HB3713 relates to motor fuel taxes levied on gasoline and diesel imported into the state through the fuel supply tanks of a motor vehicle being used for commercial purposes. The measure updates reference to how the tax determined by tying the motor fuels import rate to the motor fuels consumption rate stated in the Motor Fuel Tax Code.

Prepared By: Quyen Do

Fiscal Analysis

HB 3713 in its current form provides parity between Oklahoma's motor fuels tax rates and Oklahoma's Importer for Use fuels tax rates. Such parity was unintentionally upset by the passage of motor fuels tax levies included in HB 1010XX, creating a tax loophole that could incentivize interstate truckers to purchase fuels prior to entering the state. The state budget and Oklahoma businesses selling motor fuels, especially Oklahoma businesses located near the border, could be negatively impacted as a result of the tax loophole.

The Importer for Use fuel tax applies against fuel purchased outside of the state of Oklahoma but consumed by travel in Oklahoma by interstate truckers. The tax is part of the International Fuel Tax Agreement (IFTA) structure. IFTA is an international reciprocity compact that allows for uniform credentialing of interstate trucking and aligns fuel tax revenues to the state locations where fuels are actually consumed by the trucking industry. The system is predicated on states having internal parity between their motor fuel tax rates and their Importer for Use fuel tax rates.

HB 3713 in its current form would permanently benchmark the Importer for Use rate to the applicable motor fuels tax rate, close the tax loophole, and insulate the state budget and Oklahoma businesses from the negative impacts described above.

Prepared By: John McPhetridge

Other Considerations

None.