

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 9, 2018

BILL NUMBER: SB 1394 **STATUS AND DATE OF BILL:** Introduced 01/18/2018

AUTHORS: House n/a Senate Bice

TAX TYPE (S): Mixed Beverage **SUBJECT:** Other

PROPOSAL: New and Amendatory

The measure proposes amendment to Section 5-105 of Title 37A by replacing the 13.5 percent gross receipts tax levied on the retail sale of mixed beverages with a 6.5 percent tax imposed on the sale of alcoholic beverages to any licensee from a beer distributor, wine and spirits wholesaler or distributor or any other person or entity. The bill requires every holder of a beer distributor or wine and spirits wholesaler license or any other license that permits the direct sale of alcoholic beverages to a licensee to obtain a tax permit from the Tax Commission prior to engaging in the covered sales.

EFFECTIVE DATE: October 1, 2018

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 19: \$10,105,000 decrease in state tax revenues

FY 20: \$16,114,000 decrease in state tax revenues

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 19: Unknown

Feb. 9, 2018
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-9-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2-9-18
DATE

Jay Mott
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT–SB 1394–[Introduced]–Prepared February 9, 2018

The measure proposes amendment to Section 5-105 of Title 37A by replacing the 13.5 percent gross receipts tax levied on the retail sale of mixed beverages with a 6.5 percent tax imposed on the sale of alcoholic beverages to any licensee from a beer distributor, wine and spirits wholesaler or distributor or any other person or entity. The bill requires every holder of a beer distributor or wine and spirits wholesaler license or any other license that permits the direct sale of alcoholic beverages to a licensee to obtain a tax permit from the Tax Commission prior to engaging in the covered sales.

According to the Oklahoma Tax Commission Forecast for FY 19 and FY 20 issued December 14, 2017, losses of mixed beverage tax revenues of \$95,011,000 for FY 19 and \$111,371,000 for FY 20 are estimated to occur as a consequence of this measure. Based on reported wine, beer and spirit sales to retail establishments by wholesalers, estimates of \$84,906,333 and \$95,257,309 associated with the proposed levy on alcoholic beverages is estimated to occur for FY 19 and FY 20, respectively.

Net Revenue Impact

FY 19: \$10,104,667 decrease in state tax revenues for FY 19

FY 20: \$16,113,691 decrease in state tax revenues for FY 20

Additional administrative costs related to reporting form creation and programming and system modifications which would be necessitated by this proposal are unknown at this time.