

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2595</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>8343</b>
<b>Author:</b>	<b>Rep. Echols</b>
<b>Date:</b>	<b>3/5/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Sales/Use Revenue Decrease</b>
	<b>FY-21: \$10,000,000</b>

**Research Analysis**

The committee substitute for HB2595 provides a refund for state sales and use tax paid on the sale of tangible personal property used to provide cable television service, Internet access service or telecommunications services. Taxpayers with eligible purchases are required to file a rebate request by April 1 of the following year that an exempt item is purchased. The measure also establishes an annual cap for rebate payments equal to \$10 million and requires the Oklahoma Tax Commission to monitor the investments associated with rebated funds and report those findings to the Incentive Evaluation Commission. The IEC is then required to compile an annual report on the usage and effectiveness of the rebates.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

This is in regard to your request for a revenue impact for the Proposed Committee Substitute for HB 2595 which provides for a rebate of state sales and use tax paid on tangible personal property used to provide cable television service<sup>1</sup>, Internet access service<sup>2</sup> or telecommunications services<sup>3</sup> subject to a statewide annual total limit of Ten Million Dollars (\$10,000,000). The OTC must promulgate rules to prescribe a process for allocating each taxpayer's pro rata share of the ten-million dollar limitation. Rebate requests must be filed on or before April 1 following each year the exempted equipment is purchased. The OTC is directed to review and issue a rebate on all approved equipment by July 1 of the year a rebate request is made. In the event of a dispute, the taxpayer may appeal the denial of all or a portion of the request amount to the OTC. By July 1 of each year in which a rebate is given, the OTC must file a consolidated report to the Oklahoma Incentive Evaluation Commission summarizing the investments associated with the rebated funds.

Requests for rebates must be filed on or before April 1 following each year the exempted equipment is purchased. The Oklahoma Tax Commission shall review and issue a rebate on all approved equipment by July 1 of the year a rebate request is made. In the event of a dispute, the taxpayer may appeal the denial of all or a portion of the requested amount to the Oklahoma Tax Commission.

**Revenue Impact**

The measure proposes an effective date of January 1, 2020. It is projected that the proposal would result in a decrease in state sales tax revenues of \$10,000,000 for FY 21.

<sup>1</sup> "Cable television service" means the distribution of video programming, with or without the use of wires, to subscribing or paying customers, and the term includes direct broadcast satellite service (DBS), subscription television service (STV), satellite master antenna television service (SMATV), master antenna television service (MATV), multipoint distribution service (MDS), over-the-top video service, multichannel multipoint distribution service (MMDS) and any audio portion of a video program.

<sup>2</sup> "Internet access service" means:

a. a service that enables users to connect to the Internet to access content, information or other services offered over the Internet, and  
b. includes the purchase, use or sale of telecommunications by a provider of a service described in subparagraph a of this paragraph to the extent that such telecommunications are purchased, used or sold:

(1) to provide such service,

(2) to otherwise enable users to access content, information or other services offered over the Internet.

<sup>3</sup> "Telecommunications service" means the electronic transmission, conveyance or routing of voice, data, audio, video or any other information or signals to a point, or between or among points, and the term "telecommunications service" includes, but is not limited to, such transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol service or is classified by the Federal Communications Commission as enhanced or value-added.

Prepared By: Mark Tygret

## **Other Considerations**

### **Administrative Impact**

It is anticipated that the OTC will incur an unknown increase in administrative costs associated with the auditing and processing of rebate claims.