

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3532
Version:	SUBPCS1
Request Number:	10929
Author:	Rep. Dustin Roberts
Date:	2/17/2020
Impact:	Tax Commission:
	Unknown Increase in Tobacco
	Products Collections

Research Analysis

The subcommittee substitute for HB3532 amends numerous definitions as it relates to the levy and payment of excise taxes on tobacco products and cleans up statutory language to clarify that it is the wholesaler who is responsible for the payment of excise tax through monthly tobacco products tax reporting procedures established by the Oklahoma Tax Commission (OTC).

The measure also increases the monetary cap of numerous fines, fees and penalties administered by the commission and removes the requirement that retailers or consumer purchasing tobacco products in drop shipments file monthly reports the OTC.

Lastly, the measure requires retailers to only buy and sell tobacco products from an OTC-listed Oklahoma-licensed tobacco wholesaler or face a penalty of \$1000 or five times the unpaid taxes on such products. A second offense is punishable by revocation of the retailer's license.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by memorandum by the Tax Commission:

The PCS adds language that the tobacco products excise tax shall be remitted monthly only by the wholesaler no later than the twentieth of the calendar month immediately following the calendar month in which the tobacco products were first received, delivered, possessed, used or in any manner dealt with in the state. In addition, the language provides that if the reporting and payment due date falls on a Saturday, Sunday, or holiday recognized by the executive department of the state or a date when the Federal Reserve Banks are closed, then the due date shall be the next official working day, and any report or payment not received after the due date shall be delinquent.

Language has been added to ensure that retailers only purchase tobacco products from an Oklahoma-licensed wholesaler evidenced by a current listing provided by the OTC and that any purchases of tobacco products from a person not holding a current Oklahoma wholesale tobacco license shall be considered a misdemeanor punishable by a fine of the greater of \$1,000 or five times the unpaid tax on such products. A second or subsequent offense shall be punishable by revocation of the retail license. Requires the OTC to make available for all licensed retailers a list of currently licensed wholesalers at least monthly or through the use of a website maintained by or on behalf of the OTC, with updates made as often as practical, but no less than often each 30 days.

Increases the fines for any person that transports or possesses tobacco products where the tax has not been paid and exceeds the sum of \$1 from \$500 to \$1,000 for a first offense or not more than \$4,000 for a second or subsequent offense. The measure also doubles the fines for any retailer that violates Section 403.2 of Title 68 (affixing a stamp) and repeals Sections 406, 408, 409, 411, & 421 of Title 68.

The measure will result in an unknown increase in tobacco products excise tax revenues for FY 21.

Prepared By: Mark Tygret

Other Considerations

None.