

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

SB 1581
INT
Sen. Hall
02/17/2020

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 17, 2020

BILL NUMBER: SB 1581 **STATUS AND DATE OF BILL:** Introduced 1/16/2020

AUTHORS: House n/a Senate Hall

TAX TYPE (S): Sales Tax and Use Tax **SUBJECT:** Administration

PROPOSAL: Amendatory

SB 1581 amends Section 1354.32 of Title 68, regarding the use of databases that describe boundary changes for taxing jurisdictions in Oklahoma for sales and use tax purposes.

EFFECTIVE DATE: November 1, 2020

REVENUE IMPACT:

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

FY 21: None.
FY 22: None.

Feb. 17, 2020
DATE

Rick Miller
DIVISION DIRECTOR

lrh

2-17-2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/17/2020
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT: SB 1581 [INTRODUCED] 2/17/2020

SB 1581 amends Section 1354.32 of Title 68, regarding the use of databases that describe boundary changes for taxing jurisdictions in Oklahoma for sales and use tax purposes. Section 1354.32 was enacted in 2003 to remain in compliance with Section 305 of the Streamlined Sales and Use Tax Agreement. Currently, Oklahoma is a member of, and in full compliance with the Streamlined Sales and Use Tax Agreement.¹

Under current law, for the purpose of assigning taxing jurisdictions and their associated tax rates, a seller or Certified Service Provider (CSP) may use address-based database records. If the seller or CSP is unable to determine the applicable rate and jurisdiction using an address-based database record after exercising due diligence, the seller or CSP may apply the nine-digit zip code designation applicable to a purchase. If a nine-digit zip code designation is not available for a street address or if a seller or CSP is unable to determine the nine-digit zip code designation applicable to a purchase after exercising due diligence to determine the designation, the seller or CSP may apply the rate for the five-digit zip code area.

This measure requires a seller or CSP to use address-based database records first, and if the seller or CSP is unable to determine the applicable rate and jurisdiction using an address-based database record after exercising due diligence, the seller or CSP shall apply the nine-digit zip code designation applicable to a purchase. If a nine-digit zip code designation is not available for a street address or if a seller or CSP is unable to determine the nine-digit zip code designation applicable to a purchase after exercising due diligence to determine the designation, the seller or CSP shall apply the rate for the five-digit zip code area.

No changes in revenue are expected as a result of this proposal.

¹ Pursuant to Oklahoma's membership in the Streamlined Sales and Use Tax Agreement vendors collected and remitted to Oklahoma \$46,015,611.44 in state sales and use tax, \$5,512,804.58 in county tax and \$30,835,549.60 for municipalities in 2019.