

**BILL SUMMARY**  
1<sup>st</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1909</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>6022</b>
<b>Author:</b>	<b>Rep. Fetgatter</b>
<b>Date:</b>	<b>2/18/2021</b>
<b>Impact:</b>	<b>Tax Commission:</b>

**Estimate of Revenue Decrease:**  
**Unknown**

**Research Analysis**

HB 1909 exempts businesses licensed under Title 63 from the income tax limitations imposed by Section 280E of the Internal Revenue Code, which pertains to income association with trafficking Schedule I or II substances, and allows such licensees to have full deductions for any ordinary and necessary business expenses.

Prepared By: Emily McPherson

**Fiscal Analysis**

Analysis provided by the Tax Commission:

HB 1909 proposes to amend 68 O.S. §2358 to allow a business licensed pursuant to the Oklahoma Medical Marijuana and Patient Protection Act<sup>1</sup> to deduct ordinary and necessary business expenses for purposes of the Oklahoma income tax return. Under current federal law, marijuana (cannabis) is classified as a Schedule I controlled substance, and no deduction or credit is allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted<sup>2</sup>.

Due to the November 1, 2021, effective date of this proposal, business licensed pursuant to the Oklahoma Medical Marijuana and Patient Protection Act may deduct ordinary and necessary business expenses for tax year 2021 on their 2021 Oklahoma income tax return. An unknown decrease in revenue is expected for FY 22 when the 2021 income tax returns are filed.

<sup>1</sup> 63 O.S. §427.14

<sup>2</sup> Section 280E of the Internal Revenue Code

Prepared By: Mark Tygret

**Other Considerations**

None.

