

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2931
Version:	FULLPCS1
Request Number:	7632
Author:	Rep. Randleman
Date:	2/23/2021
Impact:	Tax Commission:

Administrative Costs:
\$108,000

Filter Deactivation Fee:
Revenue Estimate Unknown

Admission Fee:
FY-22: \$311,851
FY-23: \$534,602

Research Analysis

The proposed committee substitute to HB 2931 creates the "Human Trafficking and Child Exploitation Prevention Act". The measure provides definitions and requires a retailer that manufactures, sells or leases or distributes an Internet-enabled device to equip the product with an active and operating filter that blocks by default websites that are known to facilitate human trafficking or prostitution or display child pornography, revenge pornography, or obscene material harmful to minors. The measure requires a retailer of such products to deactivate the filter upon request and payment of deactivation fee. If a filter blocks a website that is not displaying prohibited content and the block is reported to a call center, the website is to be unblocked within 5 business days. The Attorney General or a consumer may file a civil action seeking up to \$500 for each website that was reported but not subsequently blocked. A retailer that intentionally or knowingly violates the act is subject to a misdemeanor punishable by a fine of up to \$1,000, two days imprisonment in the county jail or both fine and imprisonment. A second violation is punishable by a fine of up to \$2,500, imprisonment in the county jail for up to 10 days, or both fine and imprisonment. A third or subsequent offense is punishable by a fine of up to \$2,500, imprisonment of up to 60 days in the county jail or both fine and imprisonment. Creates the "Oklahoma Human Trafficking and Child Exploitation Prevention Revolving Fund". Requires an admission fee of \$5 be collected for entry into a live adult entertainment establishment, to be remitted quarterly to the Oklahoma Tax Commission.

Prepared By: Brad Wolgamott

Fiscal Analysis

Analysis provided by the Tax Commission:

Section 3 requires retailers that manufacture, sell, offer for sale, lease, or distribute an Internet-enabled device to ensure that the product is equipped with an active and operating filter prior to sale that blocks by default websites that are known to facilitate human trafficking or prostitution and display child pornography, revenge pornography or obscene material harmful to minors. Retailers of an Internet-enabled device shall deactivate the filter upon request of any consumer presenting personnel identification information that they are 18 years or older who acknowledges receiving a warning regarding the potential danger of deactivating the filter and pays a one-time \$20.00 filter² deactivation fee to the retailer. The fee is to be remitted to the Oklahoma Tax Commission (“OTC”) on a quarterly basis for deposit into the Oklahoma Human Trafficking and Child Exploitation Prevention fund established pursuant to Section 7. The OTC is charged with administration, payment, collection and enforcement of the fee and authorizes the OTC to annually adjust the one-time fee to account for inflation.

Estimated fees attributable to Section 3 are unknown.

Section 8 levies an admission fee of \$5 for each entry by each customer admitted to a live adult entertainment establishment which will be remitted to the OTC on a quarterly basis, no later than the fifteenth day of the month following the close of each calendar quarter.

The State of Texas currently levies an identical fee as the one proposed herein. According to the Texas Comptroller’s Office, a total of \$10,125,029 in fees were collected in FY 18. Adjusting for differences in population and median income (10.56%) results in an estimated \$1,069,203 in Oklahoma revenues. However, ABLE mixed beverage licensing reports and information from the OTC Compliance Division indicates that the number of these types of businesses in Oklahoma is well under a 100 establishments. In accordance with this research a 50% reduction is applied resulting in an estimated \$534,602 in Oklahoma fee revenues. The measure proposes an effective date of November 1, 2021. Admission fees of \$311,851 and \$534,602 are estimated for FY 22 and FY 23, respectively.

Administrative Costs:

The measure will require 3-4 months to develop and require system changes and updates that will result in an increase of \$108,000 in administrative costs for FY 22.

² “Filter” means digital blocking capability, hardware or software that restricts or blocks Internet access to websites, electronic mail, chat or other Internet-based communications based on category, site or content and may include a digital blinder rack that can be deactivated by a retailer upon the satisfaction of certain nominal conditions.

Prepared By: Mark Tygret

Other Considerations

None.