

BILL SUMMARY
2nd Session of the 58th Legislature

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| Bill No.: | HB3905 |
| Version: | SUBPCS1 |
| Request Number: | 10354 |
| Author: | Rep. Pfeiffer |
| Date: | 2/21/2022 |
| Impact: | Increase saving and collections by \$940,500 |

Research Analysis

The subcommittee substitute for HB3905 updates numerous provisions related to tax administration. The measure:

- makes it mandatory to obtain a direct pay permit for healthcare providers and businesses with \$800,000 or more in taxable purchases each year;
- requires taxpayers with a direct pay permit to submit documentation to OTC for a claim for refund of sales tax erroneously paid to a vendor;
- allow OTC to conduct hearings related to sale tax permits via teleconference or videoconference and reduce the required minimum meeting locations from 2 to 1 or more locations in the state;
- adds medical marijuana gross receipt taxes to the list of unpaid business taxes that an individual can be held personally liable for payment; and
- updates references that require tax remittance at 5 percent, instead of the current (4.75 percent) top marginal individual income tax rate.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB 3905 modifies numerous provisions related to Oklahoma Tax Commission's administrations under Title 68. The agency anticipates that the measure will have a total positive fiscal impact of \$940,500.

Section 2 of the measure modifies 68 O.S. § 253, which adds medical marijuana gross receipt taxes to the list of unpaid business taxes that an individual can be held personally liable for payment. The OTC estimates this amendment would increase collections by \$933,000, which represents the payoff amount for warrants related to outstanding medical marijuana gross receipts tax for businesses as of Jan. 24, 2022.

Section 4 of the measure modifies 68 O.S. § 1364.3, which allows OTC to conduct hearings related to sale tax permits via teleconference or videoconference. The OTC estimates that the amendment would net a savings of approximately \$7,500 for costs related to travel.

In aggregate, the measure would increase saving and collections by \$940,500; \$933,000 from the modifications to Section 2, and \$7,500 from Section 4. None of the other modified sections are expected to have a direct fiscal impact on agencies' budgets or the state's revenue.

Prepared By: Nathan Shugart

Other Considerations

None.

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