

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 597
Version:	ENGR
Request Number:	NA
Author:	Rep. Pfeiffer
Date:	3/24/2021
Impact:	Tax Commission

Increase in Gross Receipts Revenue
FY-22: \$277,000

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Analysis provided by the Tax Commission:

Currently, mixed beverage establishments organized as sole proprietors may be assessed personally for outstanding mixed beverage gross receipts tax. Individual officers of corporations or members of limited liability companies owing mixed beverage gross receipts tax cannot. Under the measure, as is presently the case with sole proprietors, corporate officers, members of limited liability companies and other persons responsible for the collection of the tax or having direct control, supervision or responsibility for filing returns and making the tax payments would be held individually liable for any outstanding tax amounts. Tax Commission records for FY 20 indicate a significantly lower collection rate for assessments to Corporations and Limited Liability Companies than assessments to sole proprietors who are personally liable for mixed beverage gross receipts tax, as shown in Table 1:

Table 1 - Assessments for Delinquent Mixed Beverage Excise Tax					
Taxpayer Type	Count	Amount Owed	Amount Paid	Amount Outstanding	Collection Rate
Businesses	135	2,139,889.11	368,142.76	1,771,746.35	17.20%
Individuals	38	773,162.92	233,120.69	540,042.23	30.15%
Totals	173	2,913,052.03	601,263.45	2,311,788.58	

Source: Oklahoma Tax Commission records

This measure is expected to encourage voluntary compliance with existing law and provide an additional mechanism in which to collect taxes due the State of Oklahoma. Assuming similar delinquency estimates for FY 22, an estimated \$277,000 increase of mixed beverage gross receipts tax will occur for FY 22.

¹ 37A O.S. § 5-105 levies a tax at the rate of thirteen and one-half percent (13.5%) on the total gross receipts of a holder of an on-premises beer and wine, mixed beverage, caterer, public event or special event license issued by the ABLE Commission, from:

1. The sale, preparation or service of mixed beverages;
2. The total retail value of complimentary or discounted mixed beverages;
3. Ice or nonalcoholic beverages that are sold, prepared or served for the purpose of being mixed with alcoholic beverages and consumed on the premises where the sale, preparation or service occurs; and
4. Any charges for the privilege of admission to a mixed beverage establishment which entitle a person to complimentary mixed beverages or discounted prices for mixed beverages.

Prepared By: Mark Tygret

Other Considerations

None.