

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 24, 2022

BILL NUMBER: SB 1739 STATUS AND DATE OF BILL: Introduced 01/20/2022

AUTHORS: House n/a Senate Kidd

TAX TYPE (S): Sales & Use SUBJECT: Other

PROPOSAL: New Law 68 O.S. §§ 1367.2 and 1410.2

For purposes of compensating vendors for record maintenance and the timely filing and remittance of sales and use tax, the measure proposes to allow vendors to retain two percent (2%) of monthly sales/use taxes due¹.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

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

FY 23: \$12,696,000 decrease in state sales tax revenues
\$2,469,000 decrease in state use tax revenues
FY 24: \$21,674,000 decrease in state sales tax revenues
\$4,232,000 decrease in state use tax revenues

Jan. 25, 2022
DATE

Puck Miller
DIVISION DIRECTOR

msm

1/26/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/7/2022
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.

¹ Capped at a maximum of Thirty Three Hundred Dollars per month per sales tax permit.

ATTACHMENT TO REVENUE IMPACT – SB 1739 [Introduced] Prepared 01/24/2022

For purposes of compensating vendors for record maintenance and the timely filing and remittance of sales and use tax, the measure proposes to allow vendors to retain two percent (2%) of monthly sales/use taxes due².

Based upon Oklahoma Tax Commission sales and use tax remittance data for FY 21, allowing a vendor discount in the manner prescribed results in an estimated decrease of \$21,764,114 in state sales tax revenues in addition to an estimated decrease of \$4,232,067 in state use tax revenues³. The measure proposes an effective date of November 1, 2022. Assuming similar sales for FY 23 and FY 24 as those experience in FY 21, results in an estimated decrease in state sales and use tax collections of \$12,695,732 and \$2,468,706, respectively, for FY 23, along with a reduction of \$21,764,114 in state sales tax with a corresponding reduction of \$4,232,067 in use tax revenues for FY 24.

² Capped at a maximum of Thirty Three Hundred Dollars per month per sales tax permit.

³ Seven months of sales and use tax collections are affected by this proposal in FY 23.