

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: 3/29/2022

BILL NUMBER: SB 1848 **STATUS AND DATE OF BILL:** Engrossed 3/23/2022

AUTHORS: House Hilbert Senate Montgomery

TAX TYPE (S): Medical Marijuana Sales **SUBJECT:** Apportionment

PROPOSAL: Amendatory and New Law.

The measure proposes amending 63 O.S. § 426 as amended by 563 O.S.L. § 2, which relates to medical marijuana tax by modifying apportionment. Further, this measure creates Drug and Alcohol Abuse Revolving Fund to be codified as 43A O.S. §2-312.

EFFECTIVE DATE: July 1, 2022 - Emergency

REVENUE IMPACT:

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

FY23: No effect on the collections of tax on medical marijuana sales. See attached for further details.

Mar 30, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mg

3/30/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/31/2022
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.

ATTACHMENT TO FISCAL IMPACT-SB1848 [Engrossed] prepared: 3/29/2022

SB 1848 proposes amending 63 O.S. § 426 as amended by 563 O.S.L. § 2 , which relates to medical marijuana (“MMJ”) tax by modifying apportionment for FY 22 and subsequent fiscal years¹. Further, this measure creates Drug and Alcohol Abuse Revolving Fund to be codified as 43A O.S. §2-312.

Under current law, except for FY22, tax proceeds are applied primarily to finance the Oklahoma Medical Marijuana Authority (“OMMA”), and if proceeds exceed the budgeted amount for running OMMA, the surplus is apportioned as follows:

- 75% to the General Revenue Fund (“GRF”) to be expended only for common education, including funding redbud school grants pursuant to 70 O.S. § 3-104.
- 25% to the Oklahoma State Department of Health (“OSDH”) and earmarked for drug and alcohol rehabilitation.

For FY 2022, proceeds from the tax on retail MMJ sales, established at 7% of the gross amount received by the seller, is apportioned as follows:

- The first \$65 million are apportioned as follows:
 - 59.23% to the State Public Common School Building Equalization Fund
 - 34.62% to the OMMA, a division within OSDH
 - 6.15% to the OSDH and earmarked for Drug and Alcohol Rehabilitation Fund

Any surplus collections are apportioned to the GRF.

Revenue Impact:

Section 1 of this measure proposes, for FY 23 and subsequent fiscal years:

- The first \$65 million to be apportioned as follows:
 - 64% to the State Public Common School Building Equalization Fund
 - 30% to the OMMA
 - 6% to the Drug and Alcohol Rehabilitation Fund for Oklahoma Department of Mental Health and Substance Abuse Services

Any surplus collections shall be apportioned to the GRF.

	Estimated Medical Marijuana Excise Tax Revenues by Fiscal Year	State Public Common School Building Equalization Fund	Drug and Alcohol Rehabilitation Fund	Oklahoma Medical Marijuana Authority	Estimated Decrease in General Revenue Fund	Estimated Decrease in Oklahoma State Department of Health	Estimated Decrease in Oklahoma Medical Marijuana Authority*
FY23	\$59,565,000	\$38,121,600	\$3,573,900	\$17,869,500	\$25,569,492	\$8,523,164	\$7,602,844
							*Based upon FY21 OMMA funding of \$25,472,344

Section 2 of this measure propose a new section of law to be codified as 43A O.S. §2-312 to create Drug and Alcohol Abuse Revolving Fund for Oklahoma Department of Mental Health and Substance Abuse Services.

This measure will not have any effect on the collections of tax on MMJ sales.

¹ FY 22 apportionment of the 7% medical marijuana tax will be finalized before the effective date of the measure and therefore won't be considered herein.

Administrative Concern:

Even though the FY 22 apportionment of medical marijuana tax revenues will be closed when this measure goes into effect and the actual allocation of these revenues for the stated period will not be changed to coincide with the amendatory language, the revisions to Section 426 relating to FY 22 proposed in this measure, if enacted, will incorrectly indicate that FY 22 medical marijuana revenues were apportioned in the manner outlined therein.