

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** January 27, 2021

**BILL NUMBER:** SB 600

**STATUS AND DATE OF BILL:** Introduced 1/21/2021

**AUTHORS:** House n/a Senate Rader

**TAX TYPE (S):** Sales Tax, Coin-Operated Device Decals

**SUBJECT:** Administrative

**PROPOSAL:** Amendatory

SB 600 proposes to redefine "coin-operated device" under 68 O.S. § 1501 to exclude any device dispensing tangible personal property or providing amusement where payment is made solely through the use of a credit or debit card or other electronic or digital payment process. Transactions from such devices would instead be subject to state sales tax.

**EFFECTIVE DATE:** November 1, 2021

### REVENUE IMPACT:

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

FY 22: Minimal decrease in coin-operated device decal revenues with a net increase in state sales tax revenues.

FY 23: Minimal decrease in coin-operated device decal revenues with a net increase in state sales tax revenues.

Jan. 27, 2021  
DATE

Rick Miller  
DIVISION DIRECTOR

bdf

2/1/2021  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/1/21  
DATE

JDC  
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 REVENUE IMPACT - SB 600 [Introduced] Prepared 1/27/2021**

SB 600 proposes to redefine “coin-operated device” under 68 O.S. § 1501 to exclude any device dispensing tangible personal property or providing amusement where payment is made solely through the use of a credit or debit card or other electronic or digital payment process. Transactions from such devices would instead be subject to state sales tax.

Certain vending devices now utilize payment technology that incorporates credit/debit card and electronic/digital payment processing applications such as Google Pay and Square that replace the need for traditional physical currency. In addition, vending devices are now dispensing tangible products that were previously only available in stores or purchased online. Some examples are: DVD rentals, athletic shoes and electronic devices including cell phones, etc. Currently, an annual decal fee of \$75.00 must be paid for the described machines. Payment of the \$75 annual fee is in lieu of sales tax. An equivalent \$75.00 in state sales tax equates to approximately \$1,666 in taxable sales. Removing the imposition of the decal fee on these machines would require the owners/operator thereof to obtain a sales tax permit and collect and remit the state and local sales tax due on the amounts charged for sales made through the device. The state sales tax collected on a particular purchase made through the device would equal that collected by the local retail establishment for a similar transaction. While some operators of this type of device have elected to collect and remit state and local sales tax, the amendatory provisions ensure that operators of similar machines, presently and in the future, will be required to collect and remit sales tax.

Tax Commission records do not specifically identify the number of these machines subject to the \$75 decal that are presently in operation in the state. It is estimated that the change in treatment would result in a loss in coin-operated decal fee revenues with a net increase in state sales tax collections. The extent to which these revenues will be impacted by the enactment of this measure is unknown.