

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1348
Version:	CS
Request Number:	7826
Author:	Fetgatter
Date:	3/6/2023
Impact:	OTC Analysis:
	Revenue Impact: Unknown Decrease
	Administrative Impact: Minimal
	increase in appropriations to the OTC

Research Analysis

The committee substitute for HB1348 allows heavy equipment rental businesses to assess a 1.25 percent recovery fee for any item of heavy equipment property rental by a consumer as a means to offset personal property tax paid on the rented equipment. The recovery fee is not subject to state or local sales tax and cannot be charged when the customer is a governmental or tribal entity. The measure also requires rental businesses to submit an annual report to the Oklahoma Tax Commission disclosing the amount of personal property taxes paid and the amount of the recovery fees collected in the prior year.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB1348 proposes to allow certain companies to charge customers a recovery of 1.25% on the rental charge from any item of heavy equipment property rental. The fee is to be retained by the business for the purpose of paying ad valorem taxes against the heavy equipment property, and the fee is not subject to sales tax. This measure may impact state revenues, however, multiple unknown variables prevent the calculation of the impact. Additionally, as the Tax Commission may be responsible for the handling of some fees, there may be a minimal administrative impact to the Tax Commission.

Provided by the Oklahoma Tax Commission:

Revenue Analysis

There may be an impact to state revenue associated with the proposed measure. However, any resulting revenue impact occurring as a result of this measure cannot be quantified at this time due to multiple unknown variables, including the total estimated rental receipts for qualifying equipment, current ad valorem taxes paid by a qualified renter on said equipment and the subsequent excess funds that might be sent to the general revenue fund. Therefore, the revenue impact is unknown.

Administrative Analysis

HB 1348 PCS does not prescribe specific responsibilities for the Tax Commission, other than receiving the reports from businesses. Assuming the Tax Commission may be responsible for reconciling the fees collected in excess of paid property taxes and sending those funds to the general revenue fund, there may be a minimal fiscal impact to the agency.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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