

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 27, 2024

BILL NUMBER: SB 1403 **STATUS AND DATE OF BILL:** Introduced 12/15/23

AUTHORS: House: n/a Senate: Hall

TAX TYPE (S): Motor Vehicle **SUBJECT:** Apportionment

PROPOSAL: Amendatory

The measure proposes amending 47 O.S. § 1104 by removing the apportionment caps for county road funds in subsections 1104-(E)(1)(e), (F)(1)(e), and (G)(1)(e).

EFFECTIVE DATE: Emergency- July 1, 2024

REVENUE IMPACT:

There is no revenue impact to state tax collections.

APPORTIONMENT IMPACT:

General Revenue Fund: Estimated decrease of \$8.9 million.

Funds: Estimated \$8.9 million combined increase in dollars apportioned to the county roads funds set forth in 47 O.S. § 1104 (E)(1)(e), (F)(1)(e), and (G)(1)(e) beginning in FY 25.

Removing the caps on these county road funds would eliminate excess dollars from these funds being apportioned to the Rebuilding Oklahoma Access and Driver Safety Fund (ROADS). After all other allocations to the ROADS fund are made, individual income tax dollars are apportioned to the ROADS fund until it meets its annual \$590 million cap.

2/28/24

DATE



MARIE SCHUBLE, DIVISION DIRECTOR

caj

2/28/24

DATE



HUAN GONG, ECONOMIST

2/28/2024

DATE



JOSEPH P. GAPPA, 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 - SB 1403 - [Introduced] - Prepared 2/28/24

CURRENT LAW:

Currently, motor vehicle collections allocated to funds for county roads, as outlined under 47 O.S. § 1104(E)(1)(e), (F)(1)(e), and (G)(1)(e) (herein referred to collectively as “county road funds”), are capped at the amounts apportioned to each respective fund for the fiscal year ending June 30, 2015. Tax collections apportioned to these funds in excess of their caps are deposited in the ROADS fund. For FY 25, the three funds are anticipated to exceed their caps by about \$8.9 million, collectively.

Statutory Citation and Description	OTC Fund Name	FY 15 cap	FY 25 excess to ROADS Fund (est.)¹
47 O.S. § 1104(E)(1)(e): The funds shall be used for the purpose of constructing and maintaining county highways; provided, however, the county treasurer may deposit so much of the funds in the sinking fund as may be necessary for the retirement of interest and annual accrual of indebtedness created by the issuance of county or township bonds for road purposes.	To Counties - For Roads	\$52,276,851	\$4,787,543
47 O.S. § 1104(F)(1)(e): The monies apportioned pursuant to subparagraphs a through e of paragraph 1 of this subsection shall be used for the primary purpose of matching federal funds for the construction of federal aid projects on county roads, or constructing and maintaining county or township highways and permanent bridges of such counties.	To Counties - For County Road Fund	\$18,701,249	\$1,712,671
47 O.S. § 1104(G)(1)(e): The funds shall be transmitted to the various county treasurers to be deposited in the county highway fund of their respective counties.	To Counties - Road Improvement	\$26,138,426	\$2,393,771
Total			\$8,893,985

PROPOSED AMENDMENTS:

The measure proposes amending 47 O.S. § 1104 by removing the caps for county road funds in subsections (E)(1)(e), (F)(1)(e), and (G)(1)(e).

ANTICIPATED IMPACT:

There is no impact on state tax collections. Removing the caps on these county road funds would eliminate excess dollars from these funds being apportioned to the ROADS Fund. After all other allocations to the ROADS fund are made, individual income tax dollars are apportioned to the ROADS fund until it meets its annual \$590 million cap. SB 1403 is expected to result in an \$8.9 million increase in state revenues deposited to the funds in subsections 47 O.S. § 1104(E)(1)(e), (F)(1)(e), and (G)(1)(e), with a corresponding decrease in income tax collections deposited to the General Revenue Fund, beginning in FY 25

¹FY 2025 estimate prepared by Oklahoma Tax Commission for state revenue forecasting purposes.