

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 6, 2022

BILL NUMBER: SB 591 **STATUS AND DATE OF BILL:** Introduced 01/17/2023

AUTHORS: House: n/a Senate: Montgomery

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 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, 2023

REVENUE IMPACT:

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

FY 24: \$15,394,000 decrease in state sales tax revenues

\$2,895,000 decrease in state use tax revenues

FY 25: \$26,390,000 decrease in state sales tax revenues

\$4,962,000 decrease in state use tax revenues

Feb 6, 2023
DATE

Rick Miller
DIVISION DIRECTOR

msm

2/6/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/8/2023
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.

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

ATTACHMENT TO REVENUE IMPACT - SB 591 [Introduced] Prepared 02/06/2023

For purposes of compensating vendors for record maintenance and 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 22, allowing a vendor discount in the manner prescribed results in an estimated decrease of \$26,389,655 in state sales tax revenues in addition to an estimated decrease of \$4,962,011 in state use tax revenues³. The measure proposes an effective date of November 1, 2023. Assuming similar sales for FY 24 and FY 25 as those experienced in FY 22, results in an estimated decrease in state sales and use tax collections of \$15,393,965 and \$2,894,507, respectively, for FY 24, along with a reduction of \$26,389,655 in state sales tax with a corresponding reduction of \$4,962,011 in use tax revenues for FY 25.

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 24.