

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 29, 2011

BILL NUMBER: SB 153 STATUS AND DATE OF BILL: Introduced 01/13/11

AUTHORS: House N/A Senate Russell

TAX TYPE (S): Motor Vehicle SUBJECT: Administrative

PROPOSAL: Amendatory

This bill proposes to limit all state agency authorized electronic or online convenience fees to fifty cents (\$.50).

EFFECTIVE DATE: July 1, 2011

REVENUE IMPACT:

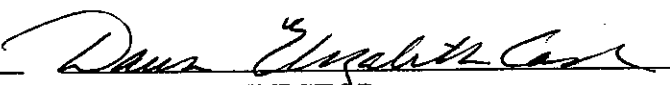
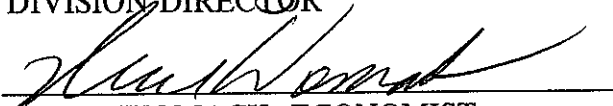
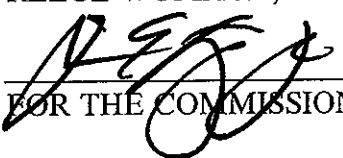
Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: Increased administrative costs of \$50,000 to \$100,000 for the Oklahoma Tax Commission.

<u>2/24/11</u> DATE	<u></u> DIVISION DIRECTOR	<u>rgm</u>
<u>2/24/11</u> DATE	<u></u> REECE WOMACK, ECONOMIST	
<u>2/24/11</u> DATE	<u></u> FOR THE COMMISSION	

Attachment to Fiscal/Administrative Impact for SB 153 Intro. – prepared 01/29/11

This measure proposes to limit all state agency authorized electronic or online convenience fees to fifty cents (\$.50).

At present, the only OTC electronic or online convenience fee is the \$1.50 convenience fee associated with the CARS online renewal system for motor vehicle registrations. Currently, the Tax Commission has an agreement in effect with the Office of State Finance providing that ok.gov shall be the exclusive internet service provider for the Tax Commission.

For the first half of FY 11 the CARS online renewal registration system processed approximately 25,000 transactions with an associated convenience fee charge of \$1.50 which is contractually paid to ok.gov for their processing services. Estimating a total of 50,000 CARS online renewal transactions for FY 11, the proposal in SB 153 would result in an annual \$50,000 increase in administrative costs to the OTC. ($\$1.50 - \$.50 = \$1.00 \times 50,000$ transactions)

Due to increased awareness of the CARS system availability and the corresponding convenience, participation by taxpayers in the online vehicle renewal registration system is projected to grow considerably in the next few years. Such growth will increase the estimated administrative costs to be incurred by the Tax Commission if the proposal in SB 153 is enacted. Additionally, limiting the authorized agency electronic or online convenience fee to fifty cents (\$.50) will significantly hinder the Tax Commission's ability to add future applications for electronic taxpayer transactions.

Based on these factors it is estimated that the proposed amendment in SB 153 will result in increased annual administrative costs of \$50,000 to \$100,000 for the Oklahoma Tax Commission.