

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 23, 2011

BILL NUMBER: SB0750 **STATUS AND DATE OF BILL:** Enrolled 05/20/2011

AUTHORS: House Sullivan, Trebilcock & Kirby Senate Marlatt

TAX TYPE (S): Sales **SUBJECT:** Other

PROPOSAL: Amendatory 68 O.S. § 2702(E)

The measure authorizes municipalities under the stated conditions to engage in compliance activities either directly or through contract with private persons or entities to augment the collection of municipal tax by the Tax Commission.

EFFECTIVE DATE: September 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

FY 13: None

ADMINISTRATIVE IMPACT:

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

FY 12: None

May 24, 2011
DATE

Rick Miller
DIVISION DIRECTOR

cjc

5-24-2011
DATE

Reece Womack
REECE WOMACK, ECONOMIST

5/24/11
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SB 0750 [Enrolled] — Prepared May 23, 2011

The measure authorizes municipalities under the stated conditions to engage in compliance activities either directly or through contract with private persons or entities to augment the collection of municipal tax by the Tax Commission. 68 O.S. § 2702(E). To ensure that no enforcement activities are duplicated and that sellers and purchasers are only required to register, file returns, and remit state and local taxes to one authority, the sole responsibility for the administration of all such compliance activities remains with the Tax Commission. Also, it provides that any contractual agreement entered into pursuant to Section 2702(E) and any person or entity who will be performing compliance activities must first be approved by the Tax Commission at its sole discretion. Further, upon approval, that person or entity shall be appointed as an agent of the Tax Commission for purposes of such compliance activities. These agreements must provide that the municipality or private persons or entities appointed as an agent and the Tax Commission may exchange necessary information to effectively carry out the terms of the agreements. The municipality, its officers and employees and any privately appointed agent of the Tax Commission may receive all information necessary for compliance activities and must preserve the confidentiality of the information in accordance with Section 205 of Title 68 of the Oklahoma Statutes. The results and relevant supporting documentation from the compliance activities must be furnished to the Tax Commission and the Tax Commission must take such information and issue proposed assessments or conduct other such administrative action as is necessary.

Also, the measure creates the Tax Commission Compliance Fund to consist of the first three-fourths of one percent ($\frac{3}{4}$ of 1%) of enhanced collections of state sales and use taxes collected pursuant to the outlined agreements. All monies accruing thereto are appropriated and may be budgeted and expended by the Tax Commission for the purpose of reimbursing a municipality for enhanced collections of state sales taxes pursuant to these agreements.

Further, the measure provides that the Director of the Office of State Finance must form an Implementation Working Group composed of representatives of municipalities and the Tax Commission and shall adopt a plan to implement subsection E of Section 2702 by September 30, 2011. The plan must ensure that the Tax Commission maintains centralized collection, administration, and enforcement consistent with all applicable state laws.