OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 16, 2016

BILL NUMBER: SB 1300 **STATUS AND DATE OF BILL:** Introduced 01/21/2016

AUTHORS: House n/a Senate Standridge

TAX TYPE (S): Motor Vehicle, Cigarette, Tobacco, Gasoline, Diesel, Gross Production, Sales, and Income

SUBJECT: Apportionment **PROPOSAL:** Amendatory

SB 1300 proposes to change apportionment of motor vehicle, cigarette, tobacco, gasoline, diesel, gross production, sales, and income taxes by implementing a cap equal to the amount apportioned in FY 13 for certain funds. Any amounts which exceed the limitation will be deposited in the General Revenue Fund.

EFFECTIVE DATE: Emergency – July 1, 2016

REVENUE IMPACT:

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

FY 17: An estimated $299,164,000 increase to the General Revenue Fund with a similar decrease to various funds. (see attached analysis)

ADMINISTRATIVE IMPACT:

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

FY 17: None

Feb. 17, 2016
DATE

DIVISION DIRECTOR

cjc;mel

2-17-16
DATE

REECE WOMACK, ECONOMIST

2/17/16
DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SB 1300-[Introduced] Prepared 02/16/2016

SB 1300 proposes to change apportionment of motor vehicle, cigarette, tobacco, gasoline, diesel, gross production, sales, and income taxes by implementing a cap equal to the amount apportioned in FY 13 for certain funds. Any amounts which exceed the limitation will be deposited in the General Revenue Fund.

Section 1

The measure proposes to modify motor vehicle tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of motor vehicle tax collections apportioned to various funds provided in Section 1104 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund.

MOTOR VEHICLE 47 O.S. § 1104	ESTIMATED FY 2017 TOTALS	HB 2244[1] FY 2015 CAP	FY 2013 APPORTIONED	EXCESS to GRF
State Transportation Fund	$2,164,797	$2,141,070	$1,933,881	$207,189
Counties for Highways (Counties for Roads)	$50,558,507	$52,276,851	$47,738,002	$2,820,505
Counties for County Roads (County Road Fund)	$18,086,538	$18,701,249	$17,075,040	$1,011,498
Counties for Highway Funds (County Road Impr. Rev. Fund)	$25,279,254	$26,138,426	$23,869,001	$1,410,253
Counties for General Funds (Counties for County Govt.)	$5,796,072	$5,993,064	$5,471,224	$324,848
Cities and Towns	$21,647,980	$22,383,735	$20,441,975	$1,206,005
Oklahoma Law Enforcement Retirement Fund	$8,659,192	N/A	$8,585,523	$73,669
Wildlife Conservation Fund	$209,497	N/A	$187,150	$22,347
County Improvement (Roads and Bridges Fund)	$139,664,384	$120,000,000	$99,297,007	$20,702,993

Section 2

The measure proposes to modify Section 302-5 of Title 68 relating to the cigarette tax apportionment of revenues attributable to the new cigarette tax rate [$0.80 per pack] for fiscal years beginning July 1, 2016, by capping the amount of cigarette tax collections apportioned to specified funds at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund. The capped funds include the Health Employee and Economy Improvement Act Revolving Fund, the Comprehensive Cancer Debt Service Revolving Fund, Trauma Care Assistance Revolving Fund, Oklahoma Emergency Response Systems Stabilization and Improvement Revolving Fund, Oklahoma State University College of Osteopathic Medicine Revolving Fund, the Oklahoma Health Care Authority Medicaid Program Fund, the Department of Mental Health and Substance Abuse Services Revolving Fund, Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund, Teachers' Retirement System Revolving Fund, the Tobacco Prevention and Cessation Revolving Fund and cities and counties which levy a sales tax.

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[1] FY 15 caps established pursuant to the passage of HB 2244 by Laws 2015, c. 350 § 1.

Pursuant to the Oklahoma Tax Commission Revenue Forecast[2], the state will collect an estimated $144,995,000 in cigarette tax revenues attributable to the new cigarette rate [$0.80] per pack] in FY 17. FY 13 collections related to the new cigarette tax rate totaled $154,866,272. There has been no change in the applicable apportionment percentages relating to the specific funds for the periods at issue. Therefore, since the projected FY 17 collections are less than the FY 13 collections, no revenue impact is estimated to occur as a result of this measure.

Section 3

Pursuant to the Oklahoma Tax Commission Revenue Forecast[3], the state will collect an estimated $5,813,000 in tax revenues attributable to the new tobacco tax rates imposed pursuant to Section 402-3 of Title 68 on tribal sales of tobacco products in FY 17. FY 13 collections related to the new rate tobacco tax for these sales totaled $7,924,161. There has been no change in the applicable apportionment percentages relating to the specific funds for the periods at issue. Therefore, since the projected FY 17 collections relating to tribal compact sales of tobacco products are less than FY 13 collections, no revenue impact is estimated to occur as a result of subsection C of Section 1 of this measure.

The proposed apportionment changes in subsection B relating to the new rate imposed on all other tobacco products sales will result in a total estimated increased apportionment for the General Revenue Fund in the amount of $6,569,613 along with the following estimated decreases for the following apportionment funds:

TOBACCO 68 O.S. § 402-3	ESTIMATED FY 2017 TOTALS	FY 2013 APPORTIONED	EXCESS to GRF
Health Employee and Economy Improvement Act Revolving Fund	$6,663,444	$4,857,719	$1,805,725
Comprehensive Cancer Center Debt Service Revolving Fund	$933,365	$680,433	$252,932
Trauma Care Assistance Revolving Fund & OK Emergency Response Systems Stabilization and Improvement Revolving Fund	$2,265,450	$1,651,536	$613,914
OSU College of Osteopathic Medicine Revolving Fund	$933,365	$680,433	$252,932
Oklahoma Health Care Authority Medicaid Program Fund	$7,968,342	$5,809,004	$2,159,338
Department of Mental Health and Substance Abuse Services Revolving Fund	$800,459	$583,543	$216,916
Belle Maxine Hilliard Breast and Cervical Cancer Treatment Revolving Fund	$132,906	$96,890	$36,016
Teachers' Retirement System Revolving Fund	$302,060	$220,205	$81,855
Tobacco Prevention and Cessation Revolving Fund	$199,360	$145,335	$54,025
Cities and Counties	$4,298,314	$3,175,354	$1,122,960

Section 4

This Section proposes an amendment to the apportionment of revenues associated with gasoline excise, compressed natural gas and liquefied natural gas that would place a limitation on the total amount to be apportioned. The limitation sets a ceiling equivalent to the total amount of revenue

[2] Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2015.
[3] Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2016.

that was apportioned for the fiscal year ending on June 30, 2013 for such products. The proposed amendment becomes effective with revenues being apportioned July 1, 2016.

Based on yearly trend analysis of revenue collections for the excise tax from fiscal year 2013 through fiscal year 2015, the estimated amount of revenue to be collected for fiscal year 2017 totals $312 Million. The total amount of revenue collected for fiscal year 2013 totaled $295.7 Million. Therefore, the incremental amount of revenue exceeding the proposed limitation totals $15.6 Million, which results in the following estimated impact to the designated funds:

GASOLINE **68 O.S. § 500.6**	**FY 2017 REVENUE REDUCTIONS BY FUND**
State Transportation Fund	$9,939,200
Counties for Highways	$4,696,760
Cities and Towns	$292,329
County Bridge & Road Improvement Fund	$358,123
High Priority Bridge Fund	$253,352
Statewide Circuit Engineering Revolving Fund	$51,138
GASOLINE **68 O.S. § 500.6**	**FY 2017 REVENUE GAINS BY FUND**
General Revenue Fund	$15,590,902

Section 5

The measure proposes to modify diesel fuel tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of diesel fuel tax collections apportioned to the various funds provided in Section 500.7 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund. For purposes of this impact it is assumed that no growth in diesel fuel tax collections will occur during the relevant periods and consequently estimated diesel fuel tax revenues for FY 17 will equal diesel fuel collections for FY 15.

DIESEL FUEL **68 O.S. § 500.7**	**ESTIMATED** **FY 2017 TOTALS**	**FY 2013** **APPORTIONED**	**EXCESS to GRF**
High Priority Bridge Revolving Fund	$1,534,280	$1,393,227	$141,053
State Transportation Fund	$71,018,408	$64,489,370	$6,529,038
Counties for Highways	$33,588,594	$30,500,645	$3,087,949
County Bridge & Road Improvement Fund	$3,708,764	$3,367801	$340,963
Statewide Circuit Engineering Revolving Fund	$529,823	$481,114	$48,709

Section 6

The measure proposes to modify Section 1004 of Title 68 relating to the gross production tax apportionment of revenues for fiscal years beginning July 1, 2016, by capping the amount of gross production collections apportioned to specified funds at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund. The capped funds include Water Resources Fund, County Bridge and Road Improvement Fund, Statewide Circuit Engineering District Revolving Fund, and Counties for Highways.

Pursuant to the Oklahoma Tax Commission Revenue Forecast[4], the state will collect an estimated $72,302,000 net revenue to apportion in crude oil gross production tax revenues and an estimated $91,877,000 net revenue to apportion in natural gas gross production tax revenues in FY 17. In FY 13, the state apportioned $418,717,211 from crude oil collections and $94,859,051 from natural gas collections.[5] There has been no change in the applicable apportionment percentages relating to the specific funds for the periods at issue. Therefore, since the projected FY 17 collections are less than the FY 13 collections, no revenue impact is estimated to occur as a result of this measure.

Included in Senate Bill 1300 is a proposal to amend the levying section of the 2% tax rate by providing that any monies apportioned to the Counties for Highways Fund in an amount higher than what was received in fiscal year 2013 will be deposited in the General Revenue Fund. However, the 2% rate was not in effect until July 1, 2015.[6]

Section 7

The measure proposes to modify sales tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of sales tax collections apportioned to the various funds provided in Section 1353 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund.

SALES TAX 68 O.S. § 1353	ESTIMATED FY 2017 TOTALS	HB 2443[7] FY 2015 CAP	FY 2013 APPORTIONED	EXCESS to GRF
Teachers Retirement System Dedicated Revenue Revolving Fund	$113,921,800	N/A	$113,674,928	$246,872
Ok Tourism Promotion Revolving Fund	$7,136,062	$5,000,000	$7,047,846	$0
Ok Tourism Capital Improvement Revolving Fund	$12,686,332	$9,000,000	$12,731,592	$0
Ok Historical Society Capital Improvement and Operations Revolving Fund	$1,367,062	$1,449,390	$1,364,099	$2,963

Section 7 also proposes that the amounts apportioned to cities and counties levying a sales tax as reimbursement for losses attributable to the Sales Tax Holiday be capped at the FY 13 reimbursement amount. The described cities and counties were reimbursed $3,270,828 and $3,326,668 for FY 13 and FY 16, respectively resulting in an increase in state sales tax collections of $55,840.

Section 8

The measure proposes to modify income tax apportionment for fiscal years beginning July 1, 2016, by capping the amount of income tax collections apportioned to various funds provided in Section 2352 of Title 68 at the total amount apportioned for FY 13 with any excess revenues to be deposited to the General Revenue Fund.

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[4] Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2016.
[5] Oklahoma Tax Commission – Apportionment Report for FY 13.
[6] HB 2562 by Laws 2014, c. 346 § 1.
[7] FY 15 caps established pursuant to the passage of HB 2243 by Laws 2015, c. 349 § 1.

INDIVIDUAL INCOME TAX 68 O.S. § 2352	ESTIMATED FY 2017 TOTALS[8]	FY 2013 APPORTIONED[9]	EXCESS to GRF
Teachers' Retirement System Dedicated Revenue Revolving Fund	$136,750,850	$141,032,424	$0
Ad Valorem Reimbursement Fund	$27,350,170	$28,206,485	$0
Rebuilding Oklahoma Access and Driver Safety Fund	$531,200,000	$292,400,000	$238,800,000
Oklahoma Tourism and Passenger Rail Revolving Fund	$2,000,000	$2,000,000	$0
Public Transit Revolving Fund	$3,000,000	$3,000,000	$0
CORPORATE INCOME TAX 68 O.S. § 2352			
Teachers' Retirement System Dedicated Revenue Revolving Fund	$18,327,850	$29,138,053	$0
Ad Valorem Reimbursement Fund	$3,665,570	$5,827,611	$0

[8] Oklahoma Tax Commission – Revenue Forecast for FY 17 issued February 11, 2016.
[9] Oklahoma Tax Commission – Annual Report for FY 13.