OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 25, 2016

BILL NUMBER: SJR 62 **STATUS AND DATE OF BILL:** Engrossed 03/09/2016

AUTHORS: House Martin Senate Sparks

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

PROPOSAL:

The measure declares the state's intent to immediately levy, collect and enforce Oklahoma sales and use tax on all out-of-state sellers in the event that the Courts or Congress act to compel all out-of-state sellers to collect sales and use taxes on nonexempt sales in the various states.

REVENUE IMPACT:

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

FY 17: Unknown
FY 18: Unknown

ADMINISTRATIVE IMPACT:

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

FY 17: None

3/25/16 Joseph P. Gappa
DATE DIVISION DIRECTOR msm

3-25-16 Reece Womack
DATE REECE WOMACK, ECONOMIST

3/25/16 Dan Cary
DATE FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SJR 62–[Engrossed]–Prepared March 25, 2016

The measure declares the state's intent to immediately levy, collect and enforce Oklahoma sales and use tax on all out-of-state sellers in the event that the Courts or Congress act to compel all out-of-state sellers to collect sales and use taxes on nonexempt sales in the various states.

Analysis:

A study conducted by the University of Tennessee estimated $296,400,000 in uncollected state and local sales and use taxes from remotes sales sourced to Oklahoma in 2012. Of this amount 55% or $163,000,000 is attributable to state sales and use taxes. Recent versions of the Marketplace Fairness Act contain a small seller exception which exempts remote sellers from collecting sales and use taxes under the Act if the remote seller in the preceding calendar year had gross annual remote sales receipts of $1,000,000 or less. Previously, it has been estimated that the $1,000,000 small seller exception would reduce collections by 50% yielding $81,500,000 in uncollected state sales and use taxes from remotes sales sourced to Oklahoma.

Due to the uncertainty regarding Congressional passage of a measure authorizing states to require tax collection from remote sellers and the exact parameters of such an authorization, the potential increase in state sales and use tax revenues occurring as a result of changes in federal law is unknown.