

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 2, 2020

BILL NUMBER: HB 4008 **STATUS AND DATE OF BILL:** Engrossed 3/3/2020

AUTHORS: House Wallace & Newton Senate Jech

TAX TYPE (S): Sales Tax **SUBJECT:** Apportionment

PROPOSAL: Amendatory

HB 4008 proposes amending 68 O.S. § 1353 altering the apportionment of state sales tax. The proposed change will increase the cap on the Oklahoma Tourism Promotion Revolving Fund from five million dollars (\$5,000,000) to six million five hundred thousand dollars (\$6,500,000).

EFFECTIVE DATE: Emergency-July 1, 2020

REVENUE IMPACT:

FY 21: \$1,500,000 increase to the Oklahoma Tourism Promotion Revolving Fund
\$1,500,000 decrease to the General Revenue Fund

4/6/2020

DATE

Rick G. Miller

DIVISION DIRECTOR

KLS

4/6/2020

DATE

Huan Gong

HUAN GONG, ECONOMIST

4/7/2020

DATE



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.

ATTACHMENT TO REVENUE IMPACT HB 4008 [Engrossed] April 2, 2020

HB 4008 proposes amending 68 O.S. § 1353 altering the apportionment of state sales tax. The proposed change will increase the cap on the Oklahoma Tourism Promotion Revolving Fund from five million dollars (\$5,000,000) to six million five hundred thousand dollars (\$6,500,000).

Currently, state sales tax is apportioned first to payments to municipalities or counties under the Quality Events program and the remaining monies are apportioned as follows: (1) eighty-three and sixty-one one-hundredths percent (83.61%) to the General Revenue Fund¹, (2) ten and forty-six one-hundredths percent (10.46%) to the Education Reform Revolving Fund of the State Department of Education, (3) five percent (5%) to the Teachers' Retirement System Dedicated Revenue Revolving Fund², (4) eighty-seven one-hundredths percent (0.87%) to the State Treasurer to be apportioned thirty-six percent (36%) to the Oklahoma Tourism Promotion Revolving Fund ("OTPRF"), but in no event shall such apportionment exceed five million dollars (\$5,000,000), and sixty-four percent (64%) to the Oklahoma Tourism Capital Improvement Revolving Fund, but in no event shall such apportionment exceed nine million dollars (\$9,000,000) with any amounts that exceed these two caps being apportioned to the General Revenue Fund ("GRF"), and (5) six one-hundredths percent (0.06%) to the Oklahoma Historical Society Capital Improvement and Operations Revolving Fund, but in no event shall such apportionment exceed the total amount apportioned in FY 15³.

HB 4008 proposes changing the apportionment of state sales tax such that the monies apportioned to the OTPRF will be capped at six million five hundred thousand dollars (\$6,500,000) instead of five million dollars (\$5,000,000), with any excess to still be apportioned to the GRF. In February 2020, Oklahoma state sales tax revenues were forecasted to be two billion five hundred and eighty-eight million and two hundred and fifty-one thousand dollars (\$2,588,251,000) for FY 2021. Applying current apportionment law to the forecasted state sales tax revenue, the OTPRF would receive the entire five million dollars (\$5,000,000) and three million one hundred and six thousand dollars (\$3,106,000) would be apportioned to the GRF⁴. HB 4008 proposes increasing this cap to six million five hundred thousand dollars (\$6,500,000) resulting in an increase of one million five hundred thousand dollars (\$1,500,000) to the OTPRF with an offsetting decrease to the GRF of one million five hundred thousand dollars (\$1,500,000).

Net Revenue Impact of HB 4008

FY 21:

\$1,500,000 increase to the Oklahoma Tourism Promotion Revolving Fund

\$1,500,000 decrease to the General Revenue Fund

¹ Some of these monies may be apportioned to the Teachers' Retirement System Dedicated Revenue Revolving Fund if the baseline amount is not met in the Teachers' Retirement System Dedicated Revenue Revolving Fund in a given fiscal year.

² If five percent (5%) is not enough to meet the baseline amount, monies will be deducted from the General Revenue Fund to makeup the difference.

³ The amount apportioned in FY 15 was one million four hundred and forty-nine thousand and three hundred and ninety dollars and thirty-four cents (\$1,449,390.34).

⁴ $\$2,588,251,000 \times 0.87\% - \$22,517,783.70 \times 36\% = \$8,106,402.13 - \$5,000,000 = \$3,106,402.13$