

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: April 22, 2021

BILL NUMBER: SB 229 **STATUS AND DATE OF BILL:** Engr HASB 4/21/21

AUTHORS: House Hilbert Senate Montgomery

TAX TYPE (S): Medical Marijuana Sales **SUBJECT:** Apportionment

PROPOSAL: Amendatory

SB 229 proposes various amendments related to the Redbud School Funding Act.

EFFECTIVE DATE: Emergency – Upon Passage and Approval

REVENUE IMPACT:

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

FY 22: None.

April 23, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bdf

4/23/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/23/21
DATE

JDL
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 - SB 229 [Engr HASB] Prepared 4/22/21

SB 229 proposes various amendments related to the Redbud School Funding Act, including:

- 63 O.S. §426 (**Section 2**) – If proceeds from the tax on medical marijuana sales exceed the budgeted amount for running the regulatory office, any surplus shall be apportioned with 75% going to the General Revenue Fund and may only be expended for common education, including funding redbud school grants, pursuant to 70 O.S. §3-104.
- 68 O.S. §1353 (**Section 3**) – For the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, before any other required apportionment is made to the General Revenue Fund, there shall be apportioned to the State Public Common School Building Equalization Fund (Fund) an amount, if any, as required pursuant to 70 O.S. §3-104, not to exceed the state sales tax generated by medical marijuana sales in the preceding fiscal year, as reported by the Oklahoma Tax Commission (OTC).
- 70 O.S. §3-104 (**Section 5**) – This Section provides methodology for the State Department of Education (Department) to determine redbud school grants. Monies for the redbud school grants shall be apportioned annually to the Fund from the funds collected pursuant to 63 O.S. §426 (medical marijuana gross receipts tax), as determined by the OTC. If such apportioned funds are insufficient to fund the redbud school grants, then an additional apportionment of funds shall be made from sales tax collections, as provided by subsection D of 68 O.S. §1353.¹ If both funds are insufficient, the Department shall promulgate rules to permit a decrease to the baseline local funding per student to the highest amount allowed with the available funding.
- **Sections 4, 6, 7 and 8** are not OTC related.

This measure does not affect tax collections. SB 229 provides that if medical marijuana gross receipts tax revenue is not sufficient to fund the redbud school grants, then an additional apportionment of funds shall be made from sales tax collections, "as provided by subsection D of 68 O.S. §1353"; however, Section 1353 does not have a subsection D. This measure is not administrable as currently drafted.

¹ There is not a subsection D in 68 O.S. §1353.