

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: 5/10/2022

BILL NUMBER: HB3037 **STATUS AND DATE OF BILL:** Enrolled 5/09/2022

AUTHORS: House Boles et al. Senate Allen et al.

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

PROPOSAL: Amendatory and New Law.

This measure amends 68 O.S. § 1353, by providing for apportionment of sales tax to Municipal Road Drilling Activity Fund before any amount is apportioned to the General Revenue Fund effective for the fiscal year beginning July 1, 2022 and all subsequent fiscal years. The measure further proposes new law to be codified as 11 O.S. § 37-501 by creating the Municipal Road Drilling Activity Fund and as 11 O.S. § 37-502 by prescribing procedures for application by certain municipalities, requiring matching funds, and prescribing purpose of allocated funds.

EFFECTIVE DATE: Emergency July 1, 2022

REVENUE IMPACT:

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

FY 23: No change to sales tax collections. Five Million Dollars decrease to General Revenue Fund and Five Million Dollars increase to the Municipal Road Drilling Activity Fund.

May 10, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mg

5/10/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

5/13/2022
DATE

Joseph P. Maysa
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 HB3037 [Enrolled] Prepared: 5/10/2022

Section 1 of HB3037 proposes to amend 68 O.S. § 1353 by providing for apportionment of sales tax revenue to Municipal Road Drilling Activity Fund which would otherwise have been apportioned to General Revenue Fund.

Under current law, after as provided in subsection D of 68 O.S. § 1353, sales tax revenue is apportioned as follows:

- 83.36% to General Revenue Fund.
- 10.46% to Education Reform Revolving Fund.
- 5.25% to Teachers Retirement System Dedicated Revenue Revolving Fund
- 0.87% to State Treasurer to be apportioned to:
 - Oklahoma Tourism Promotion Revolving Fund at 36% not to exceed 5 million in any fiscal year.
 - Oklahoma Tourism Capital Improvement Revolving Fund at 64% not to exceed 9 million in any fiscal year.
 - Any excess amount is apportioned to General Revenue Fund.
- 0.06% to Oklahoma Historical Society Capital Improvement and Operation Revolving Fund, but such apportionment may not exceed the total amount apportioned to the fund in the fiscal year ending on June 30, 2015. Any excess amount is apportioned to General Revenue Fund.

Subsection D of 68 O.S. § 1353, for the fiscal year 2023 and subsequent fiscal years before any other required apportionment is made to the General Revenue Fund, provides for the apportionment of sales tax revenue to the State Public Common School Building Equalization 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.

This measure proposes, for the fiscal year 2023, and for all subsequent fiscal years, after the apportionment required by subsection D of 68 O.S. § 1353, but before any other apportionment to the General Revenue Fund is made, 5 million shall be apportioned to the Municipal Road Drilling Activity Revolving Fund for use by municipalities to repair roads. Under this measure, the apportionment to General Revenue Fund will decline by 5 million, while apportionment to Municipal Road Drilling Activity Revolving Fund will increase by 5 million for FY23.

Section 2 of this measure proposes a new section of law to be codified as 11 O.S. § 37-501 to establish Municipal Road Drilling Activity Revolving Fund, a revolving fund for the Oklahoma Department of Transportation.

Section 3 of this measure proposes a new section of law to be codified as 11 O.S. § 37-502 which prescribes several procedures for the Municipal Road Drilling Activity Revolving Fund.

This measure will have no impact on the collection of sales tax revenue to the state.