

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

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| <b>Bill No.:</b>       | <b>SB 1030</b>                                       |
| <b>Version:</b>        | <b>FA1</b>   |
| <b>Request Number:</b> | <b>8856</b>  |
| <b>Author:</b>         | <b>Rep. Fetgatter</b>                                |
| <b>Date:</b>           | <b>4/25/2019</b>                                     |
| <b>Impact:</b>         | <b>Tax Commission:</b>                               |
|                        | <b>Considerations of Changes in Taxing Structure</b> |

**FY-20: Excise Tax Decrease of \$1.8 Million**

**FY-20 Sales Tax to General Revenue Fund (1.0%):  
\$1.8 Million**

**FY-20 Decrease to Sales Tax (4.5%):  
\$8.1 Million**

**Minimal Increase in OTC Administrative Costs  
Implementation Time Required**

**Research Analysis**

The first Floor Amendment to SB1030 requires:

- Revocation hearings concerning licensed patients to not be recorded.
- License information concerning licensed patients to not be made available to law enforcement electronically through the Oklahoma Law Enforcement Telecommunications System.

The amendment mandates that a person possessing up to one and one-half (1.5) ounces of marijuana who can state a medical condition, but does not possess a state issued medical marijuana license shall not be subject to imprisonment for the offense.

The amendment also:

- Allows certified nurse practitioners to provide medical marijuana recommendations for medical marijuana patient licenses under the authority of a supervising Oklahoma physician.
- Establishes a 6 percent excise tax on the sale of medical marijuana.

Prepared By: Emily Wendler

**Fiscal Analysis**

Analysis provided by the Tax Commission:

This is in regard to your request for a revenue impact for the Floor Amendment 1 to SB 1030 which proposes the following changes:

- Amends Section 426 of Title 63 to lower the current 7% medical marijuana excise tax to 6%.

Based on current medical marijuana gross receipts tax collections, taxable sales of \$181,046,000 are projected for FY 20. Multiplying these sales by the 1% reduction in the excise tax rate yields an annualized decrease of \$1,810,460 in medical marijuana excise tax collections.

- Creates Section 1354.1-1MM of Title 68 to impose a 1% state sales tax rate of sales of medical marijuana. All revenues attributable to the 1% state sales tax levy are to be apportioned to the General Revenue Fund.

Multiplying the estimated taxable sales by the 1% state sales tax rate yields an annualized amount of \$1,810,460 in state sales tax collections.

- Amends Section 1354 of Title 68 to exclude sales of medical marijuana from the 4.5% sales tax levy.

Application of the current 4.5% state sales tax rate results in an estimated decrease of \$8,147,070 in annualized sales tax collections.

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Net Annualized Revenue Impact

\$1,810,000 decrease in medical marijuana excise tax

\$6,337,000 decrease in state sales tax collections

\$5,001,000 decrease in state sales tax revenues apportioned to the General Revenue Fund.

Administrative Costs

To develop, implement, and test the proposed rate and apportionment changes, the Tax Commission will incur a minimal increase in administrative costs. At the very minimum, 90 days prior to the effective date of the measure will be required in which to implement the medical marijuana excise tax and sales tax rates revisions in addition to the change in apportionment. A November 1, 2019 effective date would allow the OTC sufficient time to properly implement the required system revisions and perform the proper testing thereof.

Prepared By: Mark Tygret

**Other Considerations**

None.

