

Bill Summary
1st Session of the 57th Legislature

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| Bill No.: | SB 1030 |
| Version: | INT |
| Request No.: | 1629 |
| Author: | Sen. Paxton |
| Date: | 02/04/2019 |

Bill Analysis

SB 1030 directs the State Department of Health to maintain all records contained in a medical marijuana license application. License revocation hearings are required to be recorded by the measure. A party may request a copy of the recording of the proceedings and copies of the proceedings shall be forwarded to law enforcement if the revocation was based on criminal activity. The Department is also directed to forward all information displayed on medical marijuana licenses to law enforcement via the Oklahoma Law Enforcement Telecommunications System. The Department must make available a list showing the location of licensed entities to the public.

SB 1030 also authorizes employers to take action against a person solely for holding a medical marijuana license if the person is employed in a safety-sensitive position. Property and business owners are also authorized to prohibit the consumption of marijuana on his or her property. As defined by the measure, a safety-sensitive position includes:

- 1) Packaging or transportation of hazardous materials
- 2) Using power tools
- 3) Maintaining or monitoring the performance or operation of any equipment
- 4) Performing duties in the residential or commercial premises of a customer
- 5) Operating critical infrastructure
- 6) Handling combustible materials
- 7) Law or code enforcement
- 8) Food processing or handling
- 9) Fire response or prevention
- 10) Medical services
- 11) Direct patient or child care.

The measure clarifies the meaning of “undue change or restriction of municipal zoning laws” to be the total prohibition of the establishment of marijuana businesses within the municipality. Municipalities are authorized to operate according to standard planning and zoning procedures. Municipalities are authorized by the measure to levy a local tax on marijuana. The measure clarifies that the tax on marijuana is a sales tax. Additionally, the measure authorizes municipalities to pass ordinances restricting the smoking or vaping of marijuana in any or all public places within city limits.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 16, 2019

BILL NUMBER: SB 1030 STATUS AND DATE OF BILL: Introduced 01/17/2018

AUTHORS: House n/a Senate Paxton

TAX TYPE (S): Medical Marijuana & Sales Tax SUBJECT: Tax Levy

PROPOSAL: Amendatory

Section 3 removes the 7% gross receipts tax levied on retail sales of medical marijuana and levies a 7% state sales tax in addition to the 4.5% state sales tax rate. The measure provides further that local taxing jurisdiction, in addition to their current sales tax levy, may impose an additional sales tax on these sales.

EFFECTIVE DATE: Emergency – Passage Upon Approval

REVENUE IMPACT:

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

FY 20: No impact to state revenues.

ADMINISTRATIVE IMPACT:

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

FY 20: Unknown additional administrative cost incurred by the OTC

Feb. 16, 2019 Rick Miller msm
DATE DIVISION DIRECTOR

2-16-2019 Huan Gong
DATE HUAN GONG, ECONOMIST

2-16-19 Jay M. K.
DATE FOR THE COMMISSION

The estimated 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 1030 [Introduced] Prepared 02/19/2019

Section 3 removes the 7% gross receipts tax levied on retail sales of medical marijuana and levies a 7% state sales tax in addition to the 4.5% state sales tax rate. The measure provides further that local taxing jurisdiction, in addition to their current sales tax levy, may impose an additional sales tax on these sales.

Currently in addition to the 7% gross receipts tax levied on retail sales of medical marijuana a state sales tax of 4.5% is levied pursuant to Section 1354 of Title 68 of the Oklahoma Statutes along with any applicable local sales tax. This measure proposes, an addition to the state sales tax levied under Section 1354, an additional 7% sales tax and authorizes locality to also impose sales tax in addition to their current sales tax levies.

Unless otherwise exempted by statute, sales of tangible personal property are subject to state and any applicable local sales tax. No applicable provision exists in the Sales Tax Code to exempt the subject transactions from sales tax levied in Section 1354 of Title 68. Consequently, this measure would impose state sales tax of 11.5% of these transactions in addition to applicable local levies.

Administrative Impact

Because the 7% sales tax is apportioned differently than the 4.5% rate, they will have to be reported and accounted for separately causing the OTC to incur additional administrative costs associated with modification to current programming for sales tax reporting and remittance.