

Fiscal Impact
1st Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

HB 2595
ENGR
Sen. Leewright
03/21/2019

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 19, 2019

BILL NUMBER: HB 2595 **STATUS AND DATE OF BILL:** Engrossed 03/05/2019

AUTHORS: House Echols Senate Leewright

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

PROPOSAL: New

The measure provides for a rebate of state sales and use tax paid on tangible personal property used to provide cable television service, Internet access service or telecommunications services subject to a statewide annual total limit of Ten Million Dollars (\$10,000,000). The OTC must promulgate rules to prescribe a process for allocating each taxpayer's pro rata share of the ten-million dollar limitation. Rebate requests must be filed on or before April 1 following each year the exempted equipment is purchased. The OTC is directed to review and issue a rebate on all approved equipment by July 1 of the year a rebate request is made. In the event of a dispute, the taxpayer may appeal the denial of all or a portion of the request amount to the OTC. By July 1 of each year in which a rebate is given, the OTC must file a consolidated report to the Oklahoma Incentive Evaluation Commission summarizing the investments associated with the rebated funds.

EFFECTIVE DATE: January 1, 2020

REVENUE IMPACT:

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

FY 20: None

FY 21: \$10,000,000 decrease in state sales tax collections

ADMINISTRATIVE IMPACT:

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

FY 20: Unknown increase in OTC administrative costs

<u>Mar. 19, 2019</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	msm
<u>3-20-2019</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>3-20-19</u> DATE	<u>Jim Mint</u> 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 –HB 2294 – [Engrossed] – Prepared 03/19/2019

The measure provides for a rebate of state sales and use tax paid on tangible personal property used to provide cable television service¹, Internet access service² or telecommunications services³ subject to a statewide annual total limit of Ten Million Dollars (\$10,000,000). The OTC must promulgate rules to prescribe a process for allocating each taxpayer's pro rata share of the ten-million dollar limitation. Rebate requests must be filed on or before April 1 following each year the exempted equipment is purchased. The OTC is directed to review and issue a rebate on all approved equipment by July 1 of the year a rebate request is made. In the event of a dispute, the taxpayer may appeal the denial of all or a portion of the request amount to the OTC. By July 1 of each year in which a rebate is given, the OTC must file a consolidated report to the Oklahoma Incentive Evaluation Commission summarizing the investments associated with the rebated funds.

Revenue Impact

The measure proposes an effective date of January 1, 2020. It is projected that the proposal would result in a decrease in state sales tax revenues of \$10,000,000 for FY 21.

Administrative Impact

It is anticipated that the OTC will incur an unknown increase in administrative costs associated with the auditing and processing of rebate claims.

¹ "Cable television service" means the distribution of video programming, with or without the use of wires, to subscribing or paying customers, and the term includes direct broadcast satellite service (DBS), subscription television service (STV), satellite master antenna television service (SMATV), master antenna television service (MATV), multipoint distribution service (MDS), over-the-top video service, multichannel multipoint distribution service (MMDS) and any audio portion of a video program.

² "Internet access service" means:

a. a service that enables users to connect to the Internet to access content, information or other services offered over the Internet, and
b. includes the purchase, use or sale of telecommunications by a provider of a service described in subparagraph a of this paragraph to the extent that such telecommunications are purchased, used or sold:

(1) to provide such service, or

(2) to otherwise enable users to access content, information or other services offered over the Internet.

³ "Telecommunications service" means the electronic transmission, conveyance or routing of voice, data, audio, video or any other information or signals to a point, or between or among points, and the term "telecommunications service" includes, but is not limited to, such transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol service or is classified by the Federal Communications Commission as enhanced or value-added.