

**Fiscal Impact**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Author:**  
**Date:**

**SB 1030**  
**HASB**  
**Sen. Paxton**  
**05/07/2019**

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** May 7, 2019

**BILL NUMBER:** SB 1030 **STATUS AND DATE OF BILL:** HASB 04/25/2019

**AUTHORS:** House Bush Senate Paxton

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

**PROPOSAL:** Amendatory

Section 7 reduces the seven percent (7%) gross receipts tax on the retail sale of medical marijuana to six percent (6%) and provides that it shall be collected at the time of sale and be payable on the 20<sup>th</sup> day of each month following the month of sale. In addition, the measure mandates that the Oklahoma Tax Commission adopt rules and forms as deemed necessary for the collection of the tax.

Section 8 imposes a one percent (1%) state sales tax on the retail sale of medical marijuana<sup>1</sup> with the proceeds to be apportioned solely to the General Revenue Fund.

Section 9 amends Section 1354 of Title 68 by exempting medical marijuana from the state sales tax levy of 4.5%.

**EFFECTIVE DATE:** August 30, 2019<sup>2</sup>

**REVENUE IMPACT:**

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

FY 20: \$1,358,000 decrease in medical marijuana excise revenues  
\$4,752,000 decrease in state sales tax revenues

FY 21: \$1,810,000 decrease in medical marijuana excise tax revenues  
\$6,337,000 decrease in state sales tax revenues

**ADMINISTRATIVE IMPACT:**

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

FY 20: Minimal increase in administrative costs incurred by the OTC

May 7, 2019      Rick Miller      msm  
DATE                      DIVISION DIRECTOR

5-7-2019      Huan Gong  
DATE                      HUAN GONG, ECONOMIST

5-7-19      Jay Mat  
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.*

<sup>1</sup> Retail sales of medical marijuana are subject to local sales tax levies.

<sup>2</sup> No effective date is specified in this measure. The August 30, 2019 effective date assumes the Legislature adjourns sine die as presently scheduled on May 31, 2019.

**ATTACHMENT TO REVENUE IMPACT – SB 1030 - [HASB] Prepared May 7, 2019**

The provisions of this measure which affect Oklahoma tax laws administered by the Tax Commission are impacted as follows:

Section 7 reduces the seven percent (7%) gross receipts tax on the retail sale of medical marijuana to six percent (6%) and provides that it shall be collected at the time of sale and be payable on the 20<sup>th</sup> day of each month following the month of sale. In addition, the measure mandates that the Oklahoma Tax Commission adopt rules and forms as deemed necessary for the collection of the tax.

Based on current medical marijuana gross receipts tax collections, taxable sales of \$181,046,000 are projected for FY 20 and FY 21. Multiplying these sales by the 1% reduction and adjusting for an effective date of August 30, 2019 results in an estimated decrease of \$1,357,845 in medical marijuana gross receipts tax revenues in FY 20 and an estimated decrease of \$1,810,460 in FY 21.

Section 8 imposes a one percent (1%) state sales tax on the retail sale of medical marijuana with the proceeds to be apportioned solely to the General Revenue Fund.

Multiplying the estimated taxable sales by the 1% state sales tax rate and adjusting for the effective date of August 30, 2019, state sales tax collections of 1,357,845 and \$1,810,460 are projected for FY 20 and FY 21, respectively.

Section 9 amends Section 1354 of Title 68 by exempting medical marijuana from the state sales tax levy of 4.5%.

Applying the current 4.5% state sales tax to the projected taxable sales for FY 20 and FY 21 and adjusting for an effective date of August 30, 2019 results in an estimated decrease of \$6,110,303 in state sales tax revenues for FY 20 and an estimated decrease of \$8,147,070 in state sales tax revenues for FY 21. The FY 20 and FY 21 reductions in state sales tax collections credited to the individual funds receiving same are outlined as follows:

FY 20:

(\$3,751,000) General Revenue Fund  
(\$639,000) Education Reform Revolving Fund  
(\$306,000) Teachers Retirement System Dedicated fund  
(\$19,000) Oklahoma Tourism Promotion Fund  
(\$34,000) Oklahoma Tourism Capitol Improvement Revolving Fund, and;  
(\$4,000) Oklahoma Historical Society Capitol Improvement and Operations Revolving Fund.

FY 21:

(\$5,001,000) General Revenue Fund  
(\$852,000) Education Reform Revolving Fund  
(\$407,000) Teachers Retirement System Dedicated fund  
(\$26,000) Oklahoma Tourism Promotion Fund  
(\$45,000) Oklahoma Tourism Capitol Improvement Revolving Fund, and;  
(\$5,000) Oklahoma Historical Society Capitol Improvement and Operations Revolving 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.