

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB2335
Version:	CS
Request Number:	7865
Author:	Archer
Date:	3/06/2023
Impact:	Unknown Sales Tax Revenue Decrease

Research Analysis

The committee substitute to HB 2335 modifies the definition of *product* to exclude any hotel or motel that has more than twelve rooms for occupancy as it relates to the sales tax collected by a marketplace facilitator required to collect sales tax.

Prepared By: Keana Swadley

Fiscal Analysis

HB2335, in its current form, modifies the definition of *product* to exclude hotels and motels with more than twelve rooms. This exclusion ultimately removes the requirement for a marketplace facilitator to either file an election with the OTC to collect and remit applicable state and local taxes or comply with related notice and reporting requirements. This change will result in a significant unknown decrease to state revenues.

Provided by the Oklahoma Tax Commission:

For purposes of the impact it is assumed that the intent is to exclude sales of lodging made at the described facilities from the definition of product as it relates to the FY 18 Budget Amendments Act¹. Specifically, any marketplace facilitator or referrer meeting statutory sales requirements and facilitating sales of lodging on behalf of third party sellers at a hotel/motel with 12 rooms or less would not be required to either file an election with the OTC to collect and remit applicable state and local taxes or comply with related notice and reporting requirements. Marketplace facilitators making sales of lodging for third parties some with occupancies above and others below the stated thresholds will be required to differentiate between and document the tax treatment of the excluded transactions.

Marketplace facilitators have elected and are currently collecting and remitting state and local sales tax and local lodging tax on behalf of Oklahoma hotel and motels which would fall within the proposed exclusionary provisions. Consequently, it is anticipated that the measure will result in a significant decrease in state sales tax revenues for FY 24 and FY 25.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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