

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: April 7, 2023

BILL NUMBER: HB 1590

STATUS AND DATE OF BILL: Committee Substitute 04/06/2023

AUTHORS: House: Grego, Sims, & Cantrell Senate: Murdock

TAX TYPE (S): 9-1-1 Telephone fees **SUBJECT:** Tax Rate & Other

PROPOSAL: Amendatory 63 O.S. §§ 2865, 2866, & 2867

Sections 7, 8, & 9 of the measure propose to increase the current 9-1-1- telephone fees on each wireless telephone device or connection, VOIP and prepaid wireless retail transactions from \$0.75 to \$1.25. It also expands the base of the fee imposed on VOIP to include each service with the ability to dial 9-1-1 for emergency calls including landlines. It increases the apportionment to the Oklahoma 9-1-1 Management Authority Revolving Fund from \$0.05 collected from each of these fees to \$0.25. The proposed amendatory language eliminates the 3% vendor retention related to prepaid 9-1-1 fees and the 1% vendor retention for the remaining fees, and reduces the Oklahoma Tax Commission reimbursement percentage for the referenced fees from 1% to .8%.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: See Attached Analysis

FY 25: See Attached Analysis

April 10, 2023
DATE

Rick Miller
DIVISION DIRECTOR

msm

4/10/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/10/2023
DATE

Joseph P Gappa
FOR THE COMMISSION

The 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 - HB1590 [CS] - Prepared 04/7/2023

Sections 7, 8, & 9 of the measure propose to increase the current 9-1-1 telephone fees on each wireless telephone device or connection, VOIP and prepaid wireless retail transactions from \$0.75 to \$1.25. It also expands the base of the fee imposed on VOIP to include each service with the ability to dial 9-1-1 for emergency calls including landlines. It increases the apportionment to the Oklahoma 9-1-1 Management Authority Revolving Fund from \$0.05 collected from each of these fees to \$0.25. The proposed amendatory language eliminates the 3% vendor retention related to prepaid 9-1-1 fees and the 1% vendor retention for the remaining fees, and reduces the Oklahoma Tax Commission reimbursement percentage for the referenced fees from 1% to .8%.

Based upon Tax Commission records, 9-1-1 telephone fees totaled \$37,355,380 for FY 22. [\$7,584,769 in prepaid wireless and \$29,770,611 in wireless and VOIP connections] OTC retained \$378,890 from the existing fee of \$0.75. Increasing the current \$0.75 fees to \$1.25, accounting for the November 1, 2023 effective date and revising, as applicable, the OTC reimbursement amounts as indicated above results in the following estimates: :

An increase of \$3,176,545 in prepaid wireless collections for FY 24,
An increase of \$11,635,456 in wireless & VOIP collections for FY 24, and
An increase of \$73,673 in OTC reimbursement fees.

An increase of \$5,445,506 in prepaid wireless collections for FY 25,
An increase of \$19,946,496 in wireless & VOIP collections for FY 25, and
An increase of \$126,297 in OTC reimbursement fees.

The measure will also increase the current \$.05 from each fee to be deposited into the Oklahoma 9-1-1 Management Authority Revolving Fund to \$0.25, resulting in the following:

An estimated increase of \$5,893,844 in deposits to the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 24 and along with an estimated increase of \$10,103,732 in deposits to the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 25.

The measure will also increase the current \$.05 from each fee to be deposited into the Oklahoma 9-1-1 Management Authority Revolving Fund to \$0.25, resulting in the following:

An increase of \$5,893,844 in deposits to the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 24 along with an increase of \$10,103,732 in deposits to the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 25.

The measure will also make landline telecommunication connections subject to the \$1.25 monthly fee for each service with the ability to dial 9-1-1 for emergency calls. The number of landlines in Oklahoma as defined in the measure is unknown. However, pursuant to 63 O.S. § 2418, a \$0.05 monthly surcharge is levied on each local exchange telephone access line which is deposited into the Telecommunications for the Deaf and Hard-of-Hearing Revolving Fund. In FY 22, a total of \$318,427 in the described fees were collected. By dividing \$318,427 by \$0.05 yields an estimated 6,368,540 lines from which the surcharge is collected over a 12 month time frame. Dividing by 12 results in an estimated 530,712 landlines that will be subject to the \$1.25, 9-1-1 fee, resulting in an estimated increase of \$663,390 in 9-1-1 fees associated with landlines. Calculated with an effective date of November 1, 2023 and assuming similar transactions for FY 24 and FY 25 results in

estimated increases outlined as follows:

An estimated increase of \$386,977 in 9-1-1 fees attributable to landlines for FY 24

An estimated increase of \$663,390 in 9-1-1 fees attributable to landlines for FY 25

An estimated increase of \$77,395 $(530,712 \times \$0.25 / 12 \text{ months} \times 7 \text{ months})$ deposited into the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 24 along with an estimated increase of \$132,678 in deposits to the Oklahoma 9-1-1 Management Authority Revolving Fund for FY 25. $(530,712 \times \$0.25)$.