OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 31, 2023

BILL NUMBER: HB 2234   **STATUS AND DATE OF BILL:** Engrossed 03/13/2023

AUTHORS: House: Lawson & Ford   Senate: Rader

TAX TYPE (S): Sales Tax   **SUBJECT:** Administration

PROPOSAL: New Law

The measure requires vendors, subject to the Oklahoma sales tax code, to apply for and obtain an annual permit[1] in order to claim a sale for resale sales tax exemption. The measure also allows for an appeal process for a denied applicant and sets fines for anyone claiming a sale for resale exemption without a permit or after a permit has been suspended[2].

The measure also requires vendors to use a system upon development by the Tax Commission ("OTC") for the purpose of exchanging information with sellers regarding sale for resale permit numbers of purchasers who are seeking to make purchases for resale. It also requires the OTC to provide sellers, free of charge, verification of whether the sale for resale permits are valid. The OTC must also provide the seller a transaction code authorizing the seller to sell items purchased for resale to purchasers who hold a valid sale for resale permit.

EFFECTIVE DATE: July 1, 2023 - Emergency

REVENUE IMPACT:

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

FY 24: None
FY 25: [See Attached]

ADMINISTRATIVE IMPACT:

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

FY 24: [See attached]

Mar. 31, 2023	_Rick Miller_	msm
DATE	DIVISION DIRECTOR	
3/31/2023	_Huan Gong_	
DATE	HUAN GONG, ECONOMIST	
3/31/2023	_Joseph P Gappa_	
DATE	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.

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[1] To be issued at no charge and such resale permit shall expire at 11:59 p.m. on the next June 30th following the effective date of issuance.

[2] A misdemeanor punishable by a fine of not more than One Thousand Dollars ($1,000) for the first offense

The measure requires vendors, subject to the Oklahoma sales tax code, to apply for and obtain an annual permit[3] in order to claim a sale for resale sales tax exemption. The measure also allows for an appeal process for a denied applicant and sets fines for anyone claiming a sale for resale exemption without a permit or after a permit has been suspended[4].

The measure also requires vendors to use a system upon development by the OTC for the purpose of exchanging information with sellers regarding sale for resale permit numbers of purchasers who are seeking to make purchases for resale. It also requires the OTC to provide sellers, free of charge, verification of whether sale for resale permits are valid. The OTC must also provide the seller a transaction code authorizing the seller to sell items purchased for resale to purchasers who hold a valid sale for resale permit.

Fiscal Impact.

An unknown increase in state sales tax revenues is estimated in excess of additional costs incurred.

Administrative Costs and Concerns:

The measure will result in an increase of $100,000 in administrative costs for new personnel, equipment, supplies, and system programing along with a minimum of three months after enactment in which to implement this measure. Consequently an effective date of July 1, 2023 will not afford the OTC adequate time in which to perform necessary system modifications, notify and educate vendors of the new permitting requirements and issue new permits.

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[4] A misdemeanor punishable by a fine of not more than One Thousand Dollars ($1,000) for the first offense.