

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** March 22, 2023

**BILL NUMBER:** HB 2335 **STATUS AND DATE OF BILL:** Engrossed 3/14/2023

**AUTHORS:** House: Archer & Boatman Senate: Thompson (Kristen)

**TAX TYPE (S):** Sales & County/Municipal Lodging **SUBJECT:** Exemption

**PROPOSAL:** Amendatory

The measure amends 68 O.S. § 1391 by excluding any hotel or motel the as-built construction of which contains more than twelve (12) rooms for occupancy in the regular course of business conducted by the hotel or motel from the definition of “product”.

**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: Unknown decrease in state sales tax revenues  
Unknown decrease in county and municipal lodging tax revenues  
FY 25: Unknown decrease in state sales tax revenues  
Unknown decrease in county and municipal lodging tax revenues

March 22, 2023

DATE

*Rick Miller*

DIVISION DIRECTOR

msm

3/23/2023

DATE

*Huan Gong*

HUAN GONG, ECONOMIST

3/27/2023

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.***

The measure amends 68 O.S. § 1391 by excluding any hotel or motel the as-built construction of which contains more than twelve (12) rooms for occupancy in the regular course of business conducted by the hotel or motel from the definition of “product”.

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 Act<sup>1</sup>. 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 more than 12 rooms 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 an unknown decrease in state sales tax revenues for FY 24 and FY 25.

In addition, the measure will also result in an unknown decrease in county and municipal lodging taxes that are administered by the Oklahoma Tax Commission for FY 24 and FY 25.

### **Comments/Concerns**

For Audit and Compliance purposes the Tax Commission will not be able to verify or distinguish such transactions based upon the described criteria.

---

<sup>1</sup> 68 O.S. §§ 1391 et seq.