

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 22, 2023

NUMBER: SB 746 **STATUS AND DATE OF BILL:** Committee Report 2/20/2023

AUTHORS: House: n/a Senate: Coleman

TAX TYPE (S): Sales **SUBJECT:** Other

PROPOSAL: Amendatory

The measure proposes to amend the Quality Event Incentive Act by modifying the definition of quality event to include the following:

1) for counties with a population of less than 100,000 persons, or a city with less than 10,000 people in a county with more than 100,000 persons according to the latest Federal Decennial Census, no more than one new or existing event designated by the county or city per calendar year. Provided, at least 25% of attendees of the designated event shall be comprised of residents from outside this state or

2) for a combination of at least two (2) counties, towns, cities, or municipalities along the route of or containing within its boundaries, a National Scenic Byway or State Scenic Byway, designated pursuant to the National Scenic Byways Program, pursuant to 23 U. S. C., Section 162, one driving related event per calendar year."

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

FY 25: Unknown decrease in state sales tax revenues

Feb. 22, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2/22/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/22/2023
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 SB746 [Committee Report] Prepared 02/22/23

The measure proposes to amend the Quality Event Incentive Act by modifying the definition of quality event to include the following:

1) for any county with a population of less than 100,000 persons, or a city with less than 10,000 people located in a county with more than 100,000 persons according to the latest Federal Decennial Census, no more than one new or existing event designated by the county or city per calendar year. Provided, at least 25% of attendees of the designated event shall be comprised of residents from outside this state or

2) for a combination of at least two (2) counties, towns, cities, or municipalities along the route of or containing within its boundaries, a National Scenic Byway or any State Scenic Byway, designated pursuant to the National Scenic Byways Program, pursuant to 24 U.S.C., Section 162, one driving related event per year calendar year."

The application of the proposed language outlined above is unclear. Specifically whether the intent is to limit the number of events the described cities/counties may designate for quality event recognition or to allow these local jurisdictions to designate a set number of events which do not meet the current definition of a quality event which means a new event¹ or a meeting of a nationally recognized organization or its members; a new or existing event that is a national, international or world championship, or a new or existing event that is managed or produced by an Oklahoma-based national or international organization.²

Based on the noted discrepancy and the numerous variables affecting any estimate of this proposal including the number of applications filed by the described jurisdictions for event recognition, when the event might occur, along with event expense amounts claimed and realized incremental state sales tax attributable to these events, the impact to state sales tax revenues is unknown.

For FY 22, \$438,765.63 in state sales tax revenues were disbursed to local jurisdictions for Quality Events while \$500,000 in state sales tax revenues have been disbursed to local jurisdictions for Quality Events through January, 2023 of FY 23.

¹ "New event" means a quality event which did not occur within a period of twenty-four (24) months prior to the month during which a quality event is held. 68 O.S. § 4303.

²² 68 O.S. § 4303