

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 7, 2023

BILL NUMBER: SB 758

STATUS AND DATE OF BILL: Introduced 1/18/2023

AUTHORS: House: Rosino

Senate: n/a

TAX TYPE (S): Medical Marijuana Tax

SUBJECT: Apportionment

PROPOSAL: Amendatory

Section 1 proposes amendment to 63 O.S. § 426 changing the apportionment of medical marijuana tax by requiring all proceeds from medical marijuana tax to be deposited into the Medical Marijuana Tax Fund created pursuant to Section 3 of the Act.

Section 2 amends 63 O.S. § 427.5 revising references from State Department of Health to Oklahoma Medical Marijuana Authority, changing the name of the fund created under this Section, striking the provision that the 7% medical marijuana is to be deposited to this fund and providing that the fund shall consist of all monies from all fees and fines collected pursuant to the Oklahoma Medical Marijuana and Patient Protection Act. The amendatory language further provides that all monies accruing to the credit of the fund shall be appropriated at the discretion of the Legislature for the purposes of fund the medical marijuana regulatory office.

Section 3 creates the Medical Marijuana Tax Fund providing that collections from the 7% medical marijuana tax is to be deposited to this fund and that all monies accruing to the credit of the fund shall be appropriated at the discretion of the Legislature for the purpose of funding substance abuse programs and common education including redbud school grants.

Section 4 eliminates the provisions requiring apportionment of sales attributed to medical marijuana sales¹ to the State Public Common School Building Equalization Fund if required pursuant to Section 3-104 of Title 70.

EFFECTIVE DATE: Emergency - Upon Passage and Approval

REVENUE IMPACT:

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

FY 23: See Attached

FY 24: See Attached

February 9, 2023

DATE

Rick Miller

DIVISION DIRECTOR

msm

2/9/2023

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/10/2023

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.

¹ The apportioned amount cannot exceed the state sales tax generated by medical marijuana sales in the preceding fiscal year as reported by the Oklahoma Tax Commission)

ATTACHMENT TO REVENUE IMPACT SB 758 [Introduced] Prepared 02/07/2023

Section 1 proposes amendment to 63 O.S. § 426 changing the apportionment of medical marijuana tax by requiring all proceeds from the tax to be deposited into the Medical Marijuana Tax Fund created pursuant to Section 3 of the Act. Currently the 7% medical marijuana tax is apportioned first to Oklahoma Medical Marijuana Authority fund to finance the regulatory office. Any amounts in excess shall be apportioned 75% to the General Revenue Fund to be expended on common education and funding redbud school grants and 25% to the State Department of Health earmarked for drug and alcohol rehabilitation and prevention.

Section 2 amends 63 O.S. § 427.5 revising references from State Department of Health to Oklahoma Medical Marijuana Authority, changing the name of the fund created under this Section, striking the provision that the 7% medical marijuana is to be deposited to this fund and providing that the fund shall consist of all monies from all fees and fines collected pursuant to the Oklahoma Medical Marijuana and Patient Protection Act. The amendatory language further provides that all monies accruing to the credit of the fund shall be appropriated at the discretion of the Legislature for the purposes of fund the medical marijuana regulatory office.

Section 3 creates the Medical Marijuana Tax Fund providing that collections from the 7% medical marijuana tax are to be deposited to this fund and that all monies accruing to the credit of the fund shall be appropriated at the discretion of the Legislature for the purpose of funding substance abuse programs and common education including redbud school grants.

Section 4 eliminates the provisions requiring apportionment of sales attributed to medical marijuana sales² to the State Public Common School Building Equalization Fund if required pursuant to Section 3-104 of Title 70.

Section 5 amends 70 O.S. § 3-104 relating to the funding of the redbud school grants. The reference in Section 3-104(B)(2), where it states monies for the redbud school grants shall be expended from the funds apportioned pursuant to Section 426 of Title 68 should read Title 63 instead.

The FY23 Budget for OMMA is \$57,389,441. To date for FY 23, July through December collections, \$25,791,966 has been apportioned to the Oklahoma Medical Marijuana Authority Fund at an average of approximately \$4.3 Million per month. It is not anticipated that collections will exceed the referenced OMMA budget amount. Further, under the measure, none of the estimated sales tax attributable to medical marijuana sales for FY 22 in the estimated amount of \$38,683,671 will be apportioned to the State Public Common School Building Equalization Fund.

For FY 24, as of December, 2022, medical marijuana collections have been projected to total \$48,105,000. Consequently, it is estimate that \$48,105,000 will be apportioned to the newly created Medical Marijuana Tax Fund with a like decrease to the Oklahoma Medical Marijuana Authority Revolving Fund.

Should the measure be enacted in FY 23, the Tax Commission will need sufficient time to make system modifications to implement the apportionment changes proposed in the measure. For example, should the measure be effective April 1, 2023, collections for April could be apportioned in May pursuant to the provisions outlined in the measure, March collections apportioned in April could not.

² The apportioned amount cannot exceed the state sales tax generated by medical marijuana sales in the preceding fiscal year as reported by the Oklahoma Tax Commission)