

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** March 21, 2023

**BILL NUMBER:** HB 1590      **STATUS AND DATE OF BILL:** Engrossed 03/20/2023

**AUTHORS:** House: Grego & Sims      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 propose to increase the current 9-1-1 telephone fees on each wireless telephone device or connection, VOIP and prepaid wireless 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 landline. 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 measure eliminates the 3% vendor retention related to prepaid 9-1-1 fees, reduces vendor retention for the remaining fees from 1% to .8%, and reduces the Oklahoma Tax Commission reimbursement percentage for prepaid wireless 911 fees from 1% to .8%. The OTC reimbursement percentage of 1% remains the same for the remaining fees.

**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

March 22, 2023

DATE

*Rick Miller*

DIVISION DIRECTOR

msm

3/22/2023

DATE

*Huan Gong*

HUAN GONG, ECONOMIST

3/22/2023

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 - HB1590 [Engrossed] - Prepared 03/21/2023**

Sections 7, 8, & 9 propose to increase the current 9-1-1 telephone fees on each wireless telephone device or connection, VOIP and prepaid wireless 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 landline. 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 measure eliminates the 3% vendor retention related to prepaid 9-1-1 fees, reduces vendor retention for the remaining fees from 1% to .08%, and reduces the Oklahoma Tax Commission reimbursement percentage for prepaid wireless 911 fees from 1% to .08%. The OTC reimbursement percentage of 1% remains the same for the remaining fees.

Based upon Tax Commission records, 9-1-1 fees totaled \$37,355,380 in FY 22. [\$7,584,769 in prepaid wireless fee connections 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 \$11,576,985 in wireless & VOIP collections for FY 24, and  
An increase of \$88,875 in OTC reimbursement fees.

An increase of \$5,445,506 in prepaid wireless collections for FY 25,  
An increase of \$19,846,260 in wireless & VOIP collections for FY 25, and  
An increase of \$152,357 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 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 for FY 24

An estimated increase of \$663,390 in 9-1-1 fees 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.  $(530,712 \times \$0.25)$ .

#### Comments and Concerns

On Page 25-26, Subsection (K) contains the old language for apportionment only by population, and retains the language concerning the use of the Federal Decennial Census estimates. This data cannot be used since users are only counted in the Public Safety Answering Point "PSAP" areas and OTC has to use their PSAP counts and totals. Since Page 17 indicates the new distribution to be used for all wireless, only one distribution method can be utilized.