

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: January 29, 2021

BILL NUMBER: SJR 13 **STATUS AND DATE OF BILL:** Introduced 1/21/2021

AUTHORS: House n/a Senate Standridge

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: Amendatory

SJR 13 proposes to amend Section 40 of Article X of the Oklahoma Constitution, which relates to deposits into the Tobacco Settlement Endowment Trust (TSET) Fund pursuant to any settlement with or judgment against any tobacco company or companies. This proposal reduces the minimum percentage of payments deposited into the TSET Fund to 63.75% for the fiscal year ending June 30, 2024, and for subsequent fiscal years. Beginning July 1, 2023, 15% of payments are deposited to a revolving fund established by the Legislature solely for the purpose of receiving the payments. Monies in the revolving fund are expended solely to provide an annual credit to Oklahoma residents who have filed an income tax return for the year and for the purpose of administrative costs incurred by the Oklahoma Tax Commission (OTC) in providing the credits.

EFFECTIVE DATE: Upon approval of the voters.

REVENUE IMPACT:

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

FY 24: None.

ADMINISTRATIVE IMPACT:

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

FY 22: Administrative cost to the OTC is unknown.

Feb. 11, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bdf

2/11/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/11/21
DATE

[Signature]
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 - SJR 13 [Introduced] Prepared 1/29/2021

SJR 13 proposes to amend Section 40 of Article X of the Oklahoma Constitution, which relates to deposits into the Tobacco Settlement Endowment Trust (TSET) Fund pursuant to any settlement with or judgment against any tobacco company or companies. Under current law, each payment from the tobacco industry is distributed three ways, 75% is invested in the TSET Fund; 18.75% to the State Legislature for its Tobacco Settlement Fund; and 6.25% to the Office of the Attorney General for ongoing enforcement of Master Settlement Agreement provisions.

This proposal reduces the minimum percentage of payments deposited into the TSET Fund to 63.75% and the total percentage of payments allocated between the Office of the Attorney General and the State Legislature's Tobacco Settlement Fund to 21.25%¹; the remaining 15% is deposited in a revolving fund established by the Legislature, beginning July 1, 2023.²

Monies in the revolving fund are to be used to provide an annual tax credit to Oklahoma residents who have filed an income tax return for the year, except for residents who were inmates in the custody of the Department of Corrections, and for the purpose of administrative costs incurred by the Oklahoma Tax Commission (OTC) in providing the credits.

The OTC must determine eligibility for the credits, create calculation and disbursement methodology of the credits, and may take such actions as are necessary to implement the credits. Associated costs to the OTC for administering the credits are unknown.

No revenue impact is expected as a result of this proposed legislation.

¹ It is unclear which entity will receive reduced allocations under this proposal.

² The TSET FY 2019 Annual Report indicates total Master Settlement Agreement payments to Oklahoma of approximately \$69.8 million; 15% of this amount is approximately \$10.5 million. <https://tset.ok.gov/content/reports-data>