

1 **SENATE FLOOR VERSION**

2 February 19, 2024

3 SENATE BILL NO. 2027

By: Dahm

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6 An Act relating to the Tobacco Products Tax  
7 Enforcement Unit; amending 68 O.S. 2021, Section  
8 400.1, as amended by Section 3, Chapter 285, O.S.L.  
9 2023 (68 O.S. Supp. 2023, Section 400.1), which  
10 relates to the duties of the unit; requiring the  
11 attendance of a designated representative of the  
12 Oklahoma Tax Commission at certain meetings; and  
13 providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 68 O.S. 2021, Section 400.1, as  
16 amended by Section 3, Chapter 285, O.S.L. 2023 (68 O.S. Supp. 2023,  
17 Section 400.1), is amended to read as follows:

18 Section 400.1. A. For the purpose of enforcing the tobacco tax  
19 laws of this state, the Oklahoma Tax Commission is authorized,  
20 contingent upon the availability of funds, to establish and maintain  
21 a unit to be known as the "Tobacco Products Tax Enforcement Unit".  
22 The unit shall enforce the tobacco tax laws of this state and ensure  
23 that all taxes are paid on tobacco products by:

24 1. Confirming that all entities selling tobacco products in  
this state are properly licensed as provided in Section 400 et seq.  
of Title 68 of the Oklahoma Statutes;

1           2. Verifying that all retailers are only purchasing tobacco  
2 products from wholesalers licensed by the Tax Commission;

3           3. Providing a dedicated telephone line and email address for  
4 licensed wholesalers, licensed retailers and the general public to  
5 report suspected violations of tobacco tax laws; provided, no  
6 entity, individual or those who report violations on behalf of a  
7 licensed wholesaler or retailer shall be required to disclose their  
8 identity;

9           4. Auditing licensed wholesalers and retailers to ensure all  
10 tobacco product taxes are paid;

11           5. Issuing fines for violations as provided in Section 400 et  
12 seq. of Title 68 of the Oklahoma Statutes;

13           6. Conducting wholesale and retail tobacco inspections to find  
14 and confiscate untaxed tobacco products;

15           7. Establishing data-sharing programs with tax departments in  
16 surrounding states related to tobacco product taxes;

17           8. Creating an industry advisory committee including licensed  
18 wholesalers and retailers who may represent the entity related to  
19 tobacco products tax enforcement concerns and suggestions. The  
20 industry advisory committee shall be composed of five (5) members as  
21 follows:

22           a. two members who are licensed wholesalers to be  
23 appointed by the Governor,

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- 1           b. one member who is a licensed retailer to be appointed  
2           by the President Pro Tempore of the Oklahoma Senate,  
3           c. one member who is a licensed retailer to be appointed  
4           by the Speaker of the Oklahoma House of  
5           Representatives, and  
6           d. one member who is a licensed wholesaler to be  
7           appointed by the four members provided for in  
8           subparagraphs a through c of this paragraph.

9           The committee shall meet quarterly. A representative designated  
10 by the Oklahoma Tax Commission shall attend each meeting of the  
11 committee. The Oklahoma Tax Commission shall promulgate rules  
12 establishing minimum requirements as may be deemed necessary to  
13 carry out the purposes of the committee; and

14           9. Working with law enforcement and conducting investigations  
15 to stop illegal acquisition and shipment of tobacco products by  
16 persons not licensed to sell tobacco products in this state.

17           B. The Tax Commission shall annually submit a report to the  
18 Governor, President Pro Tempore of the Senate and Speaker of the  
19 House of Representatives listing the number of wholesale and retail  
20 tobacco inspections conducted, the amount of untaxed tobacco  
21 products confiscated, the number of tobacco products tax audits  
22 conducted, the amount of taxes assessed and the amount of taxes  
23 collected as the result of audits and confiscations, the number of  
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1 suspected violations reported and the actions taken in response, and  
2 the number of fines issued and the amount of fines collected.

3 SECTION 2. This act shall become effective November 1, 2024.

4 COMMITTEE REPORT BY: COMMITTEE ON FINANCE  
5 February 19, 2024 - DO PASS  
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