



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: K-1516-77**

**File ID:** K-1516-77

**Type:** Contract

**Status:** Consent Item

**Version:** 1

**Reference:** Item 18

**In Control:** City Council

**Department:** Finance Department

**Cost:**

**File Created:** 11/02/2015

**File Name:** Use Tax and Sales Tax OTC

**Final Action:**

**Title:** CONTRACT K-1516-77: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND THE OKLAHOMA TAX COMMISSION FOR THE ADMINISTRATION OF SALES TAX AND USE TAX.

**Notes:** ACTION NEEDED: Motion to approve or reject Contract K-1516-77 with the Oklahoma Tax Commission; and, if approved, authorize the execution thereof.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 11/10/2015

**Agenda Number:** 18

**Attachments:** Sales and Use Tax Agreement

**Project Manager:** Anthony Francisco, Finance Director

**Entered by:** ellen.usry@normanok.gov

**Effective Date:**

### History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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### Text of Legislative File K-1516-77

body

**BACKGROUND:** The City, through Contract K-1112-45, has appointed the Oklahoma Tax Commission as the City's agent for the administration and collection of the City's sales and use taxes.

**DISCUSSION:** The Oklahoma Tax Commission (OTAXCO) has served as the collection agent for municipalities throughout the state for many years. There are obvious advantages for centralized collection of sales taxes by the State of Oklahoma, as municipal sales tax ordinances are tied in almost all cases to the items that are taxed at the state level (that is, the same things that are granted exemptions at the state level are granted exemptions at the city/county level). There are economies of scale in centralized tax collection and enforcement efforts. Having one collection agency makes it much easier for businesses to remit the taxes that are due and this singular collection point qualifies Oklahoma to participate in the national Streamlined Sales Tax Agreement, whereby on-line retailers agree to pay use tax for their sales delivered within Oklahoma. The City of Norman pays the Tax Commission for its sales and use tax administration, collection and enforcement efforts in the form of a withholding of one-half percent of the taxes collected for the City.

The Oklahoma Municipal League, on behalf of Norman and member cities through the State of Oklahoma, has negotiated changes and improvements to the model Sales and Use Tax Administration Agreement with the Oklahoma Tax Commission. The proposed new Agreement is attached. The major changes to the Agreement from the one adopted as our Contract 1112-45 are as follows:

- Sales and use tax permit addresses must now include a zip code "plus four" (nine-digit zip code) if available. This will enable use taxes to be collected more easily from out-of-state businesses.
- The reduction in the collection fee charged by OTAXCO for administration of the City's sales and use taxes, from one percent to one-half percent, which was effective on July 1, has been codified in this Agreement.
- Recordkeeping and electronic record disclosure requirements of the Tax Commission are codified in the Agreement. OTAXCO has improved its automated recordkeeping systems, in response to the requests of cities such as Norman. The newly-formatted and available reports will make the City's job of tracking businesses sales much easier. While the information on individual businesses' sales are exempted from open record disclosure (see Oklahoma Statutes Title 68, Section 205), some Finance Department and City Clerk staff members, as authorized agents of the Tax Commission, can retrieve data from OTAXCO's systems in much more manageable formats for City purposes.
- The City's authority to initiate its own tax collection actions, as an agent of the Tax Commission, is codified in this Agreement.

**RECOMMENDATION:** It is recommended that Contract K-1516-77 be approved.