

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1997</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>7599</b>
<b>Author:</b>	<b>Rep. Boatman</b>
<b>Date:</b>	<b>2/10/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Sales Tax Revenue Decrease</b>
	<b>\$95,345,213</b>

**Research Analysis**

HB1997, as introduced, lowers the disability rating required to be eligible for a sales tax exemption for disabled veterans. Currently, only 100% percent disabled veteran are eligible for a sales tax exemption for up to \$25,000 in annual purchases. The measure extends the exemption to veterans with a permanent or temporary disability at or above 30 percent. The expanded sales tax exemption would become effective July 1, 2019.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

Oklahoma Department of Veterans Affairs indicates that there are approximately 83,000 veterans with service connected disabilities which do not presently qualify for the referenced sales and vehicle excise tax exemptions. Further, the Department represents that these veterans' disabilities are not deemed permanent as presently required under the referenced exemption statutes.

For purposes of this impact it is assumed that all 83,000 disabled veterans would qualify for the exemption as amended. Multiplying the 83,000 additional veterans by the expenditure threshold limitation of \$25,000, results in total estimated annual sales taxable expenditures of \$2,075,000,000 for FY 19. Applying the state sales tax rate of 4.5% along with the applicable growth rate of 2.11% yields an estimated decrease in state sales tax collections of \$95,345,213 for FY 20.

Prepared By: Mark Tygret

**Other Considerations**

None.