

Fiscal Impact
1st Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

HB 2593
ENGR
Sen. Simpson
04/01/2019

Fiscal Analysis

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 1, 2019

BILL NUMBER: HB 2593 **STATUS AND DATE OF BILL:** Engrossed 03/07/2019

AUTHORS: House Echols and Miller Senate Simpson

TAX TYPE (S): Sales Tax **SUBJECT:** Exemption

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1356 by exempting from the sales tax levy, sales of tangible personal property or services to or by an organization created pursuant to Oklahoma law, which is exempt from taxation pursuant to the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which is formed primarily for the purpose of performing functions as a private family and child welfare agency, and for undertaking activities to foster and strengthen family life, to develop the capacities of individual adults, families and children towards a satisfying and socially useful life and to provide social casework, foster care and other services to assist in the physical, social, economic, emotional and intellectual adjustment of individuals, either child or adult.

EFFECTIVE DATE: July 1, 2019 - Emergency

REVENUE IMPACT:

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

FY 20: \$44,000 estimated decrease in state sales tax revenues

April 1, 2019 Rick Miller bjs
DATE DIVISION DIRECTOR

4-1-2019 Huan Gong
DATE HUAN GONG, ECONOMIST

4.1.19 Jim Miller
DATE FOR THE COMMISSION

**The estimated 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 – HB 2593 – [Engrossed] – Prepared April 1, 2019

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There is currently one known organization which could qualify for the proposed sales tax exemption. Information received from the entity indicates a FY 18 expenditure amount for tangible personal property and taxable services of \$940,760. Applying the state sales tax rate of 4.5% to the stated expenditure amount yields a decrease in state sales tax collections of \$42,334. The identified entity indicates that currently the organization makes no sales of tangible personal or taxable services.

Application of inflation rate adjustments of 2.5%, results in an estimated decrease in state sales tax collections of \$44,477 for FY 20