

**BILL SUMMARY**  
1<sup>st</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1935</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>7778</b>
<b>Author:</b>	<b>Rep. Martinez</b>
<b>Date:</b>	<b>3/9/2021</b>
<b>Impact:</b>	<b>Tax Commission:</b>

**Decrease in Sales Tax Collections**

**FY-22: (\$171,000)**

**FY-23: (\$291,000)**

**Research Analysis**

The committee substitute for HB 1935 creates a new sales tax exemption for tangible personal property or services purchased by nonprofit companies that construct, remodel and sell affordable housing to Oklahoma residents who have an income below the Family Median Income.

Prepared By: Emily Wendler

**Fiscal Analysis**

Analysis provided by the Tax Commission:

Research indicates that there are at least six organizations that could potentially qualify under the parameters of the proposed sales tax exemption.

Information obtained from five of these organizations indicates that in FY 20, they expended \$270,966 in state sales tax on purchases of products and materials to build houses in Oklahoma. For purposes of this impact it is estimated that the remaining entity expended approximately \$15,000<sup>1</sup> in state sales taxes, yielding combined state sales taxes of \$285,966. The measure proposes an effective date of November 1, 2021. Application of inflation rate adjustments of 1.2%<sup>2</sup> results in an estimated decrease in state sales tax collections of \$170,841 for FY 22 and \$296,385 for FY 23.

<sup>1</sup> An average amount calculated from the smaller entities.

<sup>2</sup> Based on latest version of the Consumer Price Index-All Urban Consumers

Prepared By: Mark Tygret

**Other Considerations**

None.