

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 1935
Version:	SAHB
Request Number:	NA
Author:	Rep. Martinez
Date:	5/4/2021
Impact:	Tax Commission:

Decrease in Sales Tax Collections

FY-22: (\$171,000)

FY-23: (\$291,000)

**Minimal Revenue Impact on the
Exemption Related to Disasters**

Research Analysis

Pending

Prepared By: House Research Staff

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 \$15,000¹ 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%² results in an estimated decrease in state sales tax collections of \$170,841 for FY 22 and \$296,385 for FY 23.

¹ An average amount calculated from the smaller entities.

² Based on latest version of the Consumer Price Index-All Urban Consumers

Tax Commission analysis of the Senate Amendment:

The measure proposes amendment to Section 1356 of Title 68 to exempt from the sales tax levy, sales of tangible personal property or services to a nonprofit entity, organized pursuant to Oklahoma law, exempt from federal income taxation pursuant to Section 501(c) of the Internal Revenue Code of 1986, as amended, the principal functions of which are to provide assistance to natural person following a disaster², with program emphasis on repair or restoration to single-family residential dwellings or the construction of a replacement single-family residential dwelling. An entity that expended at least 75% of its funds on the restoration to single-family housing following a disaster, regardless of the date of the disaster, in the period January 1, 2019, through June 30, 2020, including related general and administrative expenses, shall be eligible for the exemption authorized by this paragraph.

Presently, there is one known organization which could qualify for the proposed sales tax exemption. A representative of the organization indicated that the organization made no taxable purchases in FY 20 and that it received donated items for a few restoration projects. The estimated revenue impact associated with this measure is anticipated to be minimal in nature.

Prepared By: Mark Tygret

Other Considerations

None.