

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB392</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. Boles</b>
<b>Date:</b>	<b>4/6/2023</b>
<b>Impact:</b>	<b>OTC Analysis:</b>
	<b>FY24: \$1,169,000 revenue decrease</b>
	<b>FY24: \$2,045,000 revenue decrease</b>

**Research Analysis**

SB392 requires the Oklahoma Tax Commission to issue exemption cards to up to 2 household members of a recipient of the 100 percent disabled veteran sales tax exemption. The measure also clarifies that the surviving spouse of a 100 percent disabled veteran may claim the surviving spouse sales tax exemption even if the 100 percent disability determination isn't finalized until after the death of the veteran. Additionally, the surviving spouse exemption limit is increased from \$1000 to \$10,000 in exempt sales.

Prepared By: Quyen Do

**Fiscal Analysis**

In its current form, SB392 proposes to increase the limitation on sales qualifying for the exemption afforded a surviving spouse of a qualifying 100% disabled veteran from \$1,000 to \$10,000 annually. Officials from the Oklahoma Tax Commission estimate a decrease in state income tax collections of \$1,169,330 for fiscal year 2024 and \$2,044,657 for fiscal year 2025.

Oklahoma Tax Commission:

The Oklahoma Tax Commission's Active Account Summary as of January 5, 2023 indicates that 4,843 surviving spouses have been issued the 100% disabled veteran sales tax exemption. Multiplying the 4,843 surviving spouses by the increased expenditure threshold limitation of \$9,000, results in total annual sales taxable expenditures of \$43,587,000 for FY 23. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$1,961,415.

The measure proposes an effective date of November 1, 2023. Assuming the same number of eligible persons for FY 24 and FY 25 as those qualifying for exemption in FY 23 in addition to application of inflation rate adjustments<sup>1</sup> results in an estimated decrease in state sales tax collections of \$1,169,330 for FY 24<sup>2</sup> and \$2,044,657 for FY 25.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.

