

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 31, 2023

BILL NUMBER: HB 1568 **STATUS AND DATE OF BILL:** Engrossed 03/13/23

AUTHORS: House: Stark, Teford, Wilson & Maynard Senate: Radar

TAX TYPE (S): Sales **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 a nonprofit organization, created pursuant to the provisions of Oklahoma law or authorized to conduct activity in Oklahoma pursuant to the nonprofit entity law of another state, having exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, in good standing and having gross revenues not to exceed \$3,000,000 during the tax year ending on the date immediately preceding the first date after the end of such tax year upon which the entity seeks to make otherwise taxable purchases of tangible personal property or services. The provisions of this section shall not be applicable to purchases of alcohol or tobacco by the nonprofit entity.

EFFECTIVE DATE: July 1, 2023 - Emergency

REVENUE IMPACT:

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

FY 24: Unknown decrease in state sales tax collections

Mar. 31, 2023

DATE

Rick Miller

DIVISION DIRECTOR

bjs

3/31/2023

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/31/2023

DATE

Joseph P. Gappa

FOR THE COMMISSION

The 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 1568-[Engrossed]-Prepared 03/31/2023

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The manner in which sales tax is reported and remitted to the Tax Commission does not allow for the identification of purchasing entities or corresponding expenditure amounts for purposes of estimating the impact to sales tax revenues attributable to the proposal. Further, the sales tax base and or exemption afforded 501(c)(3) entities by other states are too dissimilar to Oklahoma's base and proposed exemption to utilize their expenditure information for estimating a revenue impact. In order to arrive at an estimate for this proposal the OTC had been coordinating with the Oklahoma Center for Nonprofits. However, due to changes in qualifying gross revenue thresholds, this organization is not able to extrapolate from survey responses previously elicited from its members expenditure data needed to estimate the revenue impact of the measure. Therefore, the decrease in state sales tax revenues occurring as a result of this measure is unknown.