

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 2, 2023

BILL NUMBER: SB 304 **STATUS AND DATE OF BILL:** Introduced 01/12/2023

AUTHORS: House: n/a Senate: Burns

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 for use in a hospital operated by an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that is operating in a building owned by a county or local government and located in a county in Oklahoma that has a population of less than one hundred thousand (100,000) persons, according the most recent Federal Decennial Census.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: \$57,000 decrease in state sales tax collections
FY 25: \$97,000 decrease in state sales tax collections

<u>Feb. 5, 2023</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	<u>bjs</u>
<u>2/6/2023</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>2/7/2023</u> DATE	<u>Joseph P Gappa</u> 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 - SB 304 [Introduced] Prepared 02/02/2023

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There is one known organization which could qualify for the proposed sales tax exemption. Information obtained from the organization indicates that in FY 22, it expended an estimated amount of \$1,997,473 on taxable purchases of tangible personal property and services. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$89,886.

The measure proposes an effective date of November 1, 2023. Application of inflation rate adjustments¹ results in an estimated decrease in state sales tax collections of \$55,677 for FY 24² and \$97,355 for FY 25.

¹ IHS Markit/US Forecast Flash, January 3, 2023 [3.9% for FY 23, 2.2% for FY 24 and 2.0% for FY 25].

² Includes seven months of sales tax collections.