

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 16, 2023

BILL NUMBER: SB 390 STATUS AND DATE OF BILL: Committee Substitute 02/13/23

AUTHORS: House: n/a Senate: Alvord

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 an organization located in this state which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), the principal function of which is to strengthen emergency response to natural and man-made disasters at the local, state, and national level through the provision of highly trained search and rescue canines and first responder team training. It specifically provides that to qualify for the sales tax exemption referenced above the organization must provide training sufficient to pass the Federal Emergency Management Agency Certification Examination equivalent, the State Urban Search and Rescue Alliance's Disaster Search Canine Evaluation Process or its equivalent, or shall be a member in good standing with Oklahoma Urban Search and Rescue Task Force One.

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: \$3,000 decrease in state sales tax collections

FY 25: \$5,000 decrease in state sales tax collections

February 16, 2023

DATE

Rick Miller

DIVISION DIRECTOR

bjs

2/17/2023

DATE

Huan Gong
HUAN GONG, ECONOMIST

2/17/2023

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 SB 390 [Committee Substitute] Prepared 2/16/23

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Currently, 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 paid \$8,160 in state and local [city/county] sales tax on taxable purchases of tangible personal property and services. Of this amount 52% or \$4,243 is attributed to state sales tax.

The measure proposes an effective date of November 1, 2023. Assuming similar taxable expenditures for FY 24 and FY 25 as those incurred in FY 22 in addition to application of inflation rate adjustments¹ results in an estimated decrease in state sales tax collections of \$2,628 for FY 24² and \$4,595 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