

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** February 6, 2023

**BILL NUMBER:** SB 390 **STATUS AND DATE OF BILL:** Introduced 01/16/2023

**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 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 functions of which are 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.

**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 6, 2023  
DATE

Rick Miller  
DIVISION DIRECTOR

bjs

2/6/2023  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/7/2023  
DATE

Joe 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 [Introduced] Prepared 2/6/2023**

The measure proposes to amend 68 O.S. § 1356 by exempting from the sales tax levy, sales of tangible personal 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 functions of which are 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.

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 expenditure for FY 24 and FY 25 as those incurred in FY 22 in addition to application of inflation rate adjustments<sup>1</sup> results in an estimated decrease in state sales tax collections of \$2,628 for FY 24<sup>2</sup> and \$4,595 for FY 25.

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

<sup>2</sup> Includes seven months of sales tax collections