



BILL/VERSION: SB 289 / ENGROSSED **ANALYST:** MM
AUTHORS: Sen. Pugh/Rep. Fetgatter **DATE:** 3/26/2025
TAX(ES): Sales Tax
SUBJECT(S): Exemption
EFFECTIVE DATE: Upon passage and approval **Emergency**

ESTIMATED REVENUE IMPACT:

FY25: Minimal¹.
FY26: \$439,000 decrease in state sales tax collections.
FY27: \$447,000 decrease in state sales tax collections.

ANALYSIS: SB 289 proposes to amend 68 O.S. § 1356 by reinstating the sales tax exemption for sales of tangible personal property or services to a museum that operates as part of an organization which is exempt from taxation pursuant 26 U.S.C., § 501(c)(3) and is not accredited by the American Alliance of Museums and operate on an annual budget of less than \$1,000,000 for purposes of qualifying for the current sales tax exemption. The measure reinstates the exemption, which expired as of December 31, 2024, through December 31, 2027.

Based on information from the Oklahoma Museum Association for FY24, approximately 116 non-profit museums qualify for the current sales tax exemption, with combined estimated annual state sales tax paid of \$414,000. Assuming similar taxable expenditures for FY26 and FY27, and accounting for inflation², results in an estimated decrease in state sales tax collections of \$439,000 for FY26 and \$447,000 for FY27.

¹ Pursuant to the emergency clause, the measure will take effect in FY25.
² S&P Global Market Intelligence/US Forecast Flash, December 31, 2024 [PCE price excl. food & energy: 2.9% for FY25, 3.0% for FY26 and 1.9% for FY27].

3/27/25	<i>Huan Gong</i>
DATE	DR. HUAN GONG, CHIEF TAX ECONOMIST
3/28/25	<i>Marie Schuble</i>
DATE	MARIE SCHUBLE, DIVISION DIRECTOR
3/28/25	<i>Joseph P. Gappa</i>
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.