



BILL/VERSION: SB 44 / INTRODUCED

ANALYST: BS

AUTHORS: Sen. Rader

DATE: 12/18/2024

TAX(ES): Sales Tax

SUBJECT(S): Exemption

EFFECTIVE DATE: Nov. 1, 2025

Emergency

ESTIMATED REVENUE IMPACT:

FY26: unknown decrease in state sales tax collections.

FY27: unknown decrease in state sales tax collections.

ANALYSIS: SB 44 proposes to amend 68 O.S. § 1356(1) by exempting from the state sales tax levy sales of tangible personal property and services to contractors and subcontractors that are necessary for carrying out contracts with exempt entities pursuant to 68 O.S. § 1356(B). It requires the contractor to submit to the vendor, a copy of the exemption letter or card issued to the exempt entity and documentation of the contractual relationship.

Currently, purchases by contractors and subcontractors are subject to sales tax, with exceptions provided to certain entities¹, including local governments. SB 44 would expand the exception to allow contractors and subcontractors to make exempt purchases for contracts on behalf of 83 categories of nonprofit entities listed in 68 O.S. § 1356(B). A list of estimated exempt expenditures is unknown.

¹ 68 O.S. § 1356(10), (51), (66) and (72).

1/13/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/30/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

1/31/25

DATE

Joseph P. Gappa

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.