



BILL/VERSION: SB 59 / 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: Minimal decrease in state sales tax collections.

FY27: Minimal decrease in state sales tax collections.

ANALYSIS: SB 59 proposes to amend 68 O.S. § 1356 by exempting from the state sales tax levy sales of tangible personal property and services to or by a 501(c)(3) organization whose principal purpose is to provide school supplies or articles of clothing for underserved students attending grades pre-K through 12 at public schools in this state. The proposed exemption includes materials, supplies, and equipment used in the construction or improvement of buildings and other structures owned by the organization and operated in pursuit of the organization's primary and principal purpose, and may apply to any person with whom the organization has entered into a construction contract.

Currently, one organization has been identified which could qualify for the proposed sales tax exemption. In FY 24, it paid an estimated \$5,929 in sales tax, of which \$3,083 is attributed to state sales tax. Assuming similar taxable expenditures for FY26 and FY27, and accounting for inflation¹, results in an estimated decrease in state sales tax collections of \$1,906 for FY26 (a November 1, 2025 effective date impacting approximately 7 months of sales tax collections) and \$3,330 for FY27. Furthermore, the organization stated that it has no building construction or improvement plans for FY26 and FY27. Should other qualifying entities be identified, the impact could increase.

¹ 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].

1/21/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/30/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

1/31/25

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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.