

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SECOND OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 13, 2009

BILL NUMBER: SB 486 **STATUS AND DATE OF BILL:** Introduced 01-08-09

AUTHORS: House N/A Senate Lamb

TAX TYPE (S): Sales Tax **SUBJECT:** Exemption

PROPOSAL: Amendatory 68 O. S. § 1356

The measure proposes to exempt from the sales tax levy, sales of tangible personal property or services to an organization exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, which is certified and designated by the United States Department of Health and Human Services as the organization dedicated to recovering organs for transplantation in all 77 counties of the state of Oklahoma.

The measure proposes to exempt from the sales tax levy, sales of tangible personal property or services to an organization operating as an eye bank and which is a charter member of the Eye Bank Association of America and whose mission is to provide cornea tissue of the highest quality for cornea transplant in compliance with medical standards and United States Food and Drug Administration FDA guidelines for the recovery, evaluation and distribution of tissue.

EFFECTIVE DATE: November 1, 2009

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 09: None

FY 10: \$16,000 decrease in state sales tax collections

FY 11: \$28,000 decrease in state sales tax collections

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 10: None

DATE

DIVISION DIRECTOR

bjs

DATE

REECE WOMACK, ECONOMIST

DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT-SB 486–[Introduced]–Prepared February 13, 2009

Senate Bill 486 proposes to exempt from the sales tax levy, sales of tangible personal property or services to an organization exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, which is certified and designated by the United States Department of Health and Human Services as the organization dedicated to recovering organs for transplantation in all 77 counties of the state of Oklahoma.

Information received from the one known qualifying entity indicates state sales taxes of \$8,450 for FY08. The estimated decrease in state sales tax collections for FY10 (assuming an annual adjustment of 2.9%) is \$8,947. An effective date of November 1, 2009 results in an estimated decrease in state tax collections of \$5,219 for FY10 and an estimated decrease in state sales tax collections of \$9,206 for FY 11 (again including an inflation rate adjustment of 2.9%).

Senate Bill 486 proposes further to exempt from the sales tax levy, sales of tangible personal property or services to an organization operating as an eye bank and which is a charter member of the Eye Bank Association of America and whose mission is to provide cornea tissue of the highest quality for cornea transplant in compliance with medical standards and United States Food and Drug Administration FDA guidelines for the recovery, evaluation and distribution of tissue.

There is one known entity that qualifies for the proposed exemption. Estimated 2008 expenditures for this entity total \$375,555 or 16,900 in state sales tax. The estimated decrease in state sales tax collections for FY10 (assuming an annual inflation rate adjustment of 2.9%) is \$17,894. An effective date of November 1, 2009 results in an estimated decrease in state tax collections of \$10,438 for FY10 and an estimated decrease in state sales tax collections of \$18,413 for FY11 (again assuming an inflation rate adjustment of 2.9%).