

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 28, 2011

BILL NUMBER: SB 0046 **STATUS AND DATE OF BILL:** Introduced 12/15/10

AUTHORS: House N/A Senate Barrington

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

PROPOSAL: Amendatory - 68 O. S. § 1357(34)

The measure proposes to expand the sales tax exemption for 100% disabled veterans to include sales to the surviving spouse of a deceased qualified veteran if the surviving spouse has not remarried. Sales qualifying for exemption are limited to \$6,000 per year.

EFFECTIVE DATE: November 1, 2011

REVENUE IMPACT:

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

FY 12: \$405,000 decrease in sales tax collections

FY 13: \$706,000 decrease in sales tax collections

ADMINISTRATIVE IMPACT:

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

FY 12: None

DATE

DIVISION DIRECTOR

bjs

DATE

REECE WOMACK, ECONOMIST

DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT–SB 0046–[Introduced]–Prepared January 28, 2011

SB0046 proposes to expand the sales tax exemption for 100% disabled veterans to include sales to the surviving spouse of a deceased qualified veteran if the surviving spouse has not remarried. Sales qualifying for exemption are limited to \$6,000 per year.

Information obtained from the Oklahoma Department of Veterans Affairs, indicates there are approximately 2,533 surviving spouses who would qualify for the proposed exemption. Based on U.S. Department of Labor statistics, the amount of estimated annual sales taxable expenditures per household was \$18,302 for FY 10. Multiplying the 2,533 surviving spouses by the expenditure threshold limitation of \$6,000, results in total annual sales taxable expenditures of \$15,198,000 for FY 10. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$683,910. The estimated decrease in sales tax collections for FY 12 (including a 1.6% inflation rate adjustment) is \$694,853. With an effective date of November 1, 2011, an estimated decrease in state sales tax collections of \$405,331 will occur in FY 12¹ and an estimated decrease in state sales tax collections of \$705,971 will occur in FY 13 (again applying a 1.6% inflation rate adjustment).

¹ Includes seven months of sales tax collections.