

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 24, 2010

BILL NUMBER: SB 0548 **STATUS AND DATE OF BILL:** Introduced 01/19/2011

AUTHORS: House N/A Senate Sykes

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

PROPOSAL: Amendatory Briefly describe bill.

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: None¹

FY 13 \$16,076,000 decrease in state sales tax revenues.

ADMINISTRATIVE IMPACT:

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

FY 12: None

DATE DIVISION DIRECTOR mm

DATE REECE WOMACK, ECONOMIST

DATE FOR THE COMMISSION

¹ The sales tax holiday occurs in August, before the effective date of November 1, 2011.

ATTACHMENT TO FISCAL IMPACT SB 0548 [Introduced] Prepared January 24, 2011.

According to the Oklahoma State Department of Education and the Oklahoma State Regents of Higher Education, the number of people enrolled in primary, secondary and higher education in Oklahoma is 875,269². Based upon a previous survey, the average amount a student spends for school supplies is \$74.97. Multiplying 875,269 by \$74.97 results in estimated school supply sales of \$65,618,917.

The 659,615 school children [grades kindergarten through twelfth] in Oklahoma spend an estimated \$20.32 each on school art supplies. Multiplying 659,615 by \$20.32 results in estimated art supply sales of \$13,403,377 for these students.

For purposes of this impact, it is assumed that there are 1,500 students in Oklahoma colleges and universities majoring in visual arts and that an average of \$500 per student is spent for qualifying art supplies. Multiplying 1,500 by \$500 results in estimated art supply sales of \$750,000 for these students.

The 215,654 college students in Oklahoma will spend approximately \$510 each for school instructional materials. Multiplying 215,654 by \$510³ per college student results in an estimated \$109,983,540 in sales for school instructional supplies.⁴

The estimated gross proceeds attributable to school supplies, school art supplies, and school instructional materials is \$189,755,834 for FY 11. Based upon the referenced research and the resulting FY 11 computations, the estimated gross proceeds attributable to school supplies, school art supplies and school instructional materials is \$195,876,598 for FY 13⁵.

\$195,876,598 Estimated gross proceeds for school supplies, art supplies and instructional materials.

X 4.5% Oklahoma state sales tax rate

\$ 8,814,447 Estimate of state sales tax

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X 69.39% Percentage of state

\$6,116,344 Estimate of municipal sales tax

\$ 8,814,447 Estimate of state sales tax

X 12.99% Percentage of state

\$ 1,144,997 Estimate of county sales tax

Estimated Net Revenue Impact--\$16,075,788 decrease in state sales tax revenues for FY 13.

2 Oklahoma State Department of Education reports 659,615 school children [grades kindergarten through twelfth] enrolled for the 2010/2011 school year and the Oklahoma State Regents for Higher Education reports 215,654 college students enrolled for the 2010 fall semester.

3 Fall semester--mainly textbooks and workbooks.

4 Due to the nature of the items included in the category of school instructional materials, purchases by school age children [kindergarten through twelfth grade] would only minimally affect the impact for SB 0548 and therefore these purchases are not included.

5 The FY 13 impacts include, based on the Consumer Price Index-All Urban Consumers, inflation rate adjustments of 1.6%.