

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 25, 2013

BILL NUMBER: SB 163 STATUS AND DATE OF BILL: Introduced 01/07/2013

AUTHORS: House n/a Senate Justice

TAX TYPE (S): Sales SUBJECT: Exemption

PROPOSAL: Amendatory 68 O.S. § 1356

The measure expands the sales tax exemption in Section 1356(14) of Title 68 for fundraising sales by certain 4-H organizations to include sales of tangible personal property to local 4-H clubs, county, regional, or state 4-H councils and committees, 4-H leader associations, county, regional or state 4-H foundations and authorized 4-H camps and training centers.¹

EFFECTIVE DATE: November 1, 2013

REVENUE IMPACT:

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

FY 14: \$2,000 decrease in state sales tax collections

FY 15: \$4,000 decrease in state sales tax collections

ADMINISTRATIVE IMPACT:

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

FY 14: None

Jan. 28, 2013 Rock Miller bjs
DATE DIVISION DIRECTOR

1-29-2013 Reece Womack
DATE REECE WOMACK, ECONOMIST

1/30/13 Drew Cook
DATE FOR THE COMMISSION

¹ Consistent with the current exemption afforded certain 4-H groups the proposal to exempt sales to the referenced organizations is limited to sales of tangible personal property including admission tickets for the purpose of raising funds for the benefit of such organizations.

ATTACHMENT TO FISCAL IMPACT—SB 163—[Introduced]—Prepared January 25, 2013.

The measure expands the sales tax exemption in Section 1356(14) of Title 68 for fundraising sales by certain 4-H organizations to include sales of tangible personal property to local 4-H clubs, county, regional, or state 4-H councils and committees, 4-H leader associations, county, regional or state 4-H foundations and authorized 4-H camps and training centers.

Presently, according to a representative of the 4-H, a majority of the local 4-H clubs, councils and committees are a component of the OSU Cooperative Extension Service and claim a sales tax exemption allowed institutions of the Oklahoma State System of Higher Education pursuant to Section 1356(10) of Title 68 and therefore do not pay sales tax on their purchases of tangible personal property. The representative further stated that there are eleven 4-H Foundations and groups at the state level which could qualify for the proposed sales tax exemption. Information provided shows combined average taxable purchases made by these groups for fundraising purposes in the amount of \$82,800 for FY 2012. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$3,726.

The estimated decrease in sales tax collections for FY 14 (including 1.7% inflation rate adjustments) is \$3,854.

With an effective date of November 1, 2013, an estimated decrease in state sales tax collections of \$2,248 will occur in FY 14² and an estimated decrease in state sales tax collections of \$3,920 will occur in FY 15 (again applying a 1.7% inflation rate adjustment).

² Includes seven months of sales tax collections.