

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 11, 2013

BILL NUMBER: SB 861 **STATUS AND DATE OF BILL:** Introduced 01/17/2013

AUTHORS: House n/a Senate Jolley

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

PROPOSAL: Amendatory 68 O.S. §§ 1356 & 4303

Section 1 of this bill proposes to amend 68 O.S. § 1356 to exempt from the levy of sales tax, sales of admission tickets to, and hospitality packages for a national championship sports event hosted by a limited liability partnership in conjunction with a national sports association which is a governing body of a sport and is exempt from taxation pursuant to 501(c)(3) of the Internal Revenue Code.

Section 2 of this bill amends the definitions of "revenue capture period" and "quality event area" for purposes of the Oklahoma Quality Events Incentive Act. Specifically, the proposed amendment extends the revenue capture period from two days to seven days before the event and from two days to seven days after the event. The measure also amends the definition of quality event area by increasing the area limitation from 13 miles to 20 miles from any property line of the primary property at which the quality event is located.

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: Section 1 \$128,000 decrease in state sales tax collections
Section 2 None
FY 15: Section 1 \$101,000 decrease in state sales tax collections
Section 2 None

ADMINISTRATIVE IMPACT:

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

FY 14: None

Feb. 11, 2013
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2-11-2013
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/11/13
DATE

Alan Carr
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT—SB 861—[Introduced]—Prepared February 11, 2013.

Section 1 of this bill proposes to amend 68 O.S. § 1356 to exempt from the levy of sales tax, sales of admission tickets to, and hospitality packages for a national championship sports event hosted by a limited liability partnership in conjunction with a national sports association which is a governing body of a sport and is exempt from taxation pursuant to 501(c)(3) of the Internal Revenue Code.

Presently, there is one event scheduled to be held July, 2014 that could qualify under the parameters of the proposed exemption. Information received from the hosting entity indicates anticipated admission and hospitality package sales of \$3,900,000 and \$1,200,000, respectively, for a combined total of \$5,100,000. It is assumed for purposes of this impact that 50% of ticket sales will be made in FY 14 with the remainder made in FY 15. Further, it is assumed that 75% of hospitality package sales will occur in FY 14 with the rest occurring in FY 15. Applying the state sales tax rate of 4.5% yields state sales tax collections related to ticket sales of \$87,750 for FY 14 and \$87,750 for FY 15 along with a decrease in sales tax collections related to hospitality package sales of \$40,500 for FY 14 and \$13,500 for FY 15.

The estimated decrease in state sales tax collections is \$128,250 for FY 14 and \$101,250 for FY 15.

Section 2 of this bill amends the definitions of “revenue capture period” and “quality event area” for purposes of the Oklahoma Quality Events Incentive Act. Specifically, the proposed amendment extends the revenue capture period from two days to seven days before the event and from two days to seven days after the event. The measure also amends the definition of quality event area by increasing the area limitation from 13 miles to 20 miles from any property line of the primary property at which the quality event is located.

Pursuant to the passage of SB 1284 by Laws 2010, c.386, §1 effective July 1, 2012, the total payments authorized under the Quality Events Incentive Act are capped at Two Million Dollars for FY 13; Two Million Five Hundred Thousand Dollars for FY 14 and Three Million for FY 15. 68 O.S. §4307. Since the proposed amendments do not change or in any way affect the caps established for the three fiscal years the Act is in effect¹, there is no revenue impact associated with Section 2 of this measure.

There is no administrative impact associated with the provisions of this measure.

¹ The Quality Events Incentive Act is in effect through June 30, 2015. 68 O.S. § 4301.