

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 14, 2015

BILL NUMBER: SB 466 STATUS AND DATE OF BILL: Introduced 01/22/2015

AUTHORS: House n/a Senate Brinkley

TAX TYPE (S): Sales Tax SUBJECT: Exemption

PROPOSAL: Amendatory 68 O. S. § 1356

The measure exempts from the levy of sales tax, sales of tangible personal property or services to or by 501(c)(3) organizations that are organized for the purpose of maximizing the academic potential of at-risk students enrolled in public schools in Oklahoma by providing school supplies during the school year through a nonprofit free store for teachers.

EFFECTIVE DATE: November 1, 2015

REVENUE IMPACT:

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

FY 16: \$5,000 decrease in sales tax collections
FY 17: \$10,000 decrease in sales tax collections

ADMINISTRATIVE IMPACT:

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

FY 16: None

Feb. 17, 2015
DATE

Rick Miller
DIVISION DIRECTOR

bjs

DATE

REECE WOMACK/ECONOMIST

DATE

Jerry Miller
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT–SB 466–[Introduced]–Prepared February 14, 2015.

The measure exempts from the levy of sales tax, sales of tangible personal property or services to or by 501(c)(3) organizations that are organized for the purpose of maximizing the academic potential of at-risk students enrolled in public schools in Oklahoma by providing school supplies during the school year through a nonprofit free store for teachers.

There is one known organization which could qualify for the proposed sales tax exemption. Information received from the entity indicates that the organization is in its initial start-up phase and has not incurred any operational expenses at this time. It expects to spend approximately \$139,954 for FY16 and \$143,483 for FY 17, respectively on products for distribution in the free store. Applying the state tax rate of 4.5 % yields a decrease in state sales tax collection of \$6,298 and \$6,457 for respectively.

Additionally, the organization anticipates daily operational expenses, i.e. office equipment, retail supplies, utilities, teacher supplies, fundraising costs, etc. in the estimated amount of \$59,300 for FY 16 and \$70,550 for FY 17. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$2,669 and \$3,175 respectively.

With a proposed November 1, 2015 effective date the combined decrease in state tax collections for FY 16 is \$5,231¹ and \$9,632 for FY 17.

¹ Includes seven months of sales tax expenditures and collections.