

**BILL SUMMARY**  
1<sup>st</sup> Session of the 52<sup>nd</sup> Legislature

<b>Bill No.:</b>	<b>SB 489</b>
<b>Version:</b>	<b>Amendment 1</b>
<b>Author:</b>	<b>Rep. Coody &amp; Sen. Barrington</b>
<b>Date:</b>	<b>April 8, 2009</b>
<b>Impact:</b>	<b>Sales Tax Collections</b>
<b>Amendment does not alter fiscal impact for the</b>	
<b>Engrossed SB 489 of</b>	
<b>FY10: \$986,000 Decrease</b>	
<b>FY11: \$1.739 Million Decrease</b>	

**Bill Summary**

**Fiscal Summary**

Fiscal Analyst: Diane Thomas

Amendment for SB 489 expands 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. The sales qualifying for exemption are limited to \$15,000 per year.

The measure also changes the classification of the punishment for vendors who willfully and intentionally refuse to honor the sales tax exemption from a \$500 administrative fine to a misdemeanor and a fine not to exceed \$500 administered by local law enforcement.

**Fiscal Analysis**

Information obtained from the Oklahoma Department of Veteran Affairs, indicates there are about 2,365 surviving spouses who will qualify for the exemption. Multiplying \$15,000 (the expenditure threshold limitation) by 2,365 surviving spouses, results in total taxable expenditures of \$35.5 million for FY08. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$1.6 million. The anticipated decrease in state sales tax collection (assuming an annual inflation rate adjustment of 2.9%) is \$1,690,307. With an effective date of November 1, 2009 there is an estimated decrease in state sales tax collections of \$987,012 for FY10 and a decrease of \$1,739,326 for FY11.

The amendment limits qualifying sales to \$15,000 per year "if funds are available". The exemption is not administered in relation to a set amount of funds and therefore, there is no revenue impact from the amendment but it does not alter the remaining language which is shown by the impact above.

**Long Term Fiscal Considerations**

None.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director