

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 1633
Version:	INT
Request Number:	6317
Author:	Rep. Inman
Date:	2/14/2017
Impact:	Tax Commission:
	Estimated Revenue Decrease
	FY-18: \$182,000
	FY-19: \$298,000

**Differing Populations Related to Beneficiaries
Revenue Impact May be Less Than Original Analysis**

Research Analysis

HB1633, as introduced, provides a sales tax exemption to a surviving spouse or surviving child who is eligible for dependency and indemnity compensation through the U.S. Department of Veteran affairs for up to \$1000 in purchases each calendar year.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

Based on information obtained from the U.S. Department of Veterans Affairs website, 9,082 surviving spouses and children are in receipt of Dependency and Indemnity Compensation. OTC records indicate that 2,740 persons may already be sales tax exempt as a surviving spouse of a 100% disabled veteran leaving 6,342 surviving spouses and children which could qualify for the proposed exemption. Multiplying the 6,342 surviving spouses and children by the expenditure threshold limitation of \$1,000, results in total annual sales taxable expenditures of \$6,342,000 for FY 18. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$285,390.

The measure proposes an effective date of November 1, 2017. Application of an inflation rate adjustments of 2.2%, results in an estimated decrease in state sales tax collections of \$182,292 for FY 18¹ and \$298,085 for FY 19 (again applying a 2.2% inflation rate adjustment).

1 Includes seven and one-half months of sales tax collections.

Prepared By: Mark Tygret

Other Considerations

In examining the number of persons who may be eligible for payments under the Dependency and Indemnity Compensation Program, the number of persons eligible for exemption may be lower than the stated total found in the U.S. Department of Veterans' Affairs Oklahoma State

Summary data. If confirmed, the potential revenue impact would be significantly less than otherwise stated.

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