

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB 2593
Version:	INT
Request Number:	9244
Author:	Rep. Ross Ford
Date:	2/20/2018
Impact:	Tax Commission:
	Unknown Decrease in Sales Tax Revenue
	Potential Significant Decrease

Research Analysis

HB2593, as introduced, extends a sales tax exemption to Oklahoma veterans that have received compensation or was awarded a judgment, settlement or compromise pursuant to Section 1151 of Title 38 of the United States Code. Title 38 U.S.C. 1151 claims are not considered serviced-connected and includes injuries incurred or aggravated while receiving VA-sponsored medical treatment or while pursuing a course of vocation rehabilitation or compensated work therapy. This exemption also applies to the surviving spouse of such individuals. The measure also addresses the veterans registry that all eligible veterans must participate in in order to receive a sales tax exemption beginning November 1, 2020.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

The measure provides a start date of November 1, 2020 for the veterans' registry requirement for purposes of qualification³ for the sales tax exemption afforded certain 100% disabled veterans. The measure further expands the sales tax exemption in Section 1357(34) to include sales of tangible personal property or services to persons who have been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and have received compensation or awarded a judgment, settlement or compromise pursuant to Section 1151 of Title 38 of the United States Code. The exemption is subject to an annual \$25,000 sales allowance.

The proposal does not condition eligibility for the sales tax exemption on a disability rating as is the case with the current sales tax exemption. The Oklahoma Department of Veterans Affairs ("ODVA") advised that compensation awarded under the cited provision is based on a disability rating in the same manner as active-duty disability compensation. ODVA further stated that they are presently aware of at least four Oklahoma veterans receiving Section 1151 benefits who are rated at a 100% disability that would potentially qualify for the sales tax exemption under the proposed parameters. However, ODVA indicated that neither it nor the Federal Department of Veterans Affairs have a tracking system to specifically account for all eligible persons. Consequently, it is unclear whether veterans receiving Section 1151 benefits can be identified for purposes of qualification for the proposed sales tax exemption.

Due to the potential number of qualifying veterans, a significant decrease in state sales tax revenues could occur as a result of this measure.

Prepared By: Mark Tygret

Other Considerations

None.

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