

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 17, 2017

BILL NUMBER: SB 334 STATUS AND DATE OF BILL: Introduced 01/18/2017

AUTHORS: House N/A Senate Holt

TAX TYPE (S): Sales SUBJECT: Exemption

PROPOSAL: Amendatory

SB 334 proposes amendment to Sections 1352 and 1359 of Title 68 to make the sales tax exemption afforded manufacturers inapplicable to entities engaged in electric power generation by means of wind.

EFFECTIVE DATE: July 1, 2017 - Emergency

REVENUE IMPACT:

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

FY 18: \$5,175,000 estimated increase in state sales tax collections

ADMINISTRATIVE IMPACT:

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

FY 18: None

Feb. 18, 2017
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-18-17
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/18/17
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT-SB 0334-[Introduced]-Prepared February 17, 2017.

SB 334 proposes amendment to Sections 1352 and 1359 of Title 68 to make the sales tax exemption afforded manufacturers inapplicable to entities engaged in electric power generation by means of wind. Currently, wind electric power generation facilities, as manufacturers of electricity, when holding a manufacturer sales tax exemption permit, may purchase the various components which comprise the facility's manufacturing operation exempt from sales/use tax pursuant to Section 1359(1) of Title 68.

Based on information relating to Oklahoma wind electric power generation facilities obtained from the Kansas Energy Organization's website, it is estimated that approximately 115 turbines will be purchased in FY 18 for installation at an Oklahoma wind farm. Multiplying the projected turbine purchases by the resulting state sales tax of \$45,000 per turbine yields an estimated increase in state sales tax collections of \$5,175,000 for FY 18.