

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1005
Version:	SUBREC
Request Number:	7856
Author:	Rep. Sims
Date:	2/10/2019
Impact:	Tax Commission:
	Revenue Decrease
	FY-19: \$85,519
	FY-20: \$148,524

Research Analysis

The substitute recommendation for HB1005 establishes a refund mechanism for state sales tax collected from the sale of tickets for admission by an aquarium to be paid back to the nonprofit organization, public trust or political subdivision responsible for the aquarium's operations. The refunded state sales tax must be used for debt servicing on debt incurred for the construction, enlarging or renovation of any facility to be used for entertainment, edification, education, conservation or cultural cultivation or for promoting visitation to out of state residents.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

Unlike the introduced version of HB 1005², only state taxes collected on aquarium admissions shall be used for the stated purposes by the qualifying entity, local [city/county] sales tax will be remitted to the Tax Commission for allocation to the applicable local taxing jurisdiction.

Based upon Oklahoma Tax Commission sales tax reporting records, a total of \$255,443 in state and local sales taxes were remitted in FY 18 from one identified entity which could potentially qualify under the parameters of the proposed exemption, of which \$136,568 was state sales tax. It is assumed for purposes of this impact that the entirety of the sales tax reported is associated with ticket sales. The measure proposes an effective date of November 1, 2019. Application of growth rate adjustments³ results in an estimated decrease in state sales tax collections of \$85,519 for FY 20⁴ and \$148,524 for FY 21.

² The introduced version of HB 1005 modifies the sales tax exemption in Section 1356(26) of Title 68 currently afforded museums accredited by the American Association of Museums for sales of admission tickets by including aquariums exempt from taxation pursuant to the provisions of the Internal Revenue Code [26 U.S.C. 501(c)(3)] or owned or operated by a public trust or political subdivision of this state. Current statutory provisions provide that in order to be eligible for the exemption an amount equivalent to the amount of the sales tax that would otherwise be required to be collected must be separately stated on the admission ticket and be collected and used for one of the stated purposes provided. The measure adds education, conservation or promoting visitation primarily to out-of-state residents as acceptable purposes for exemption qualification.

³ Along with a growth rate of 5.13% for FY 19, 2.11% for FY 20, and 1.31% for FY 21.

⁴ Includes seven months of sales tax collections.

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Other Considerations

None.

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