

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1261
Version:	INT
Request Number:	5089
Author:	Rep. Hilbert
Date:	2/13/2019
Impact:	Tax Commission:
	Unknown Decrease in State Sales Tax Revenue

Research Analysis

HB1261, as introduced, extends the sunset date of the sales tax exemption for the sales or leases of rolling stock to July 1, 2024. The measure also expands the exemption to include railroad car maintenance and retrofitting.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

Based upon Oklahoma Tax Commission records, presently there is only one known manufacturer in the state with the ability to claim the rolling stock exemption. Removing the manufacturing requirement for the exemption will make all sales or leases of rolling stock used for the stated purpose exempt from sales tax.

For purposes of the impact, the specific intent of the inclusion of the proposed language “sales or leases includes railroad car maintenance and retrofitting” is unclear. It is assumed that this language is intended to exempt sales and leases of equipment, parts and supplies utilized or sold by an entity in the maintenance, repair or retrofitting of railroad cars for their further use on the railways. The exemption expansion proposed in this measure could also be interpreted to apply retroactively and include sales occurring prior to July 1, 2019.

Based on the potentially broad scope and application of the proposed language, it is estimated that an unknown decrease in state sales tax revenues will occur for FY 20.

Prepared By: Mark Tygret

Other Considerations

None.