

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2593</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>8144</b>
<b>Author:</b>	<b>Rep. Miller</b>
<b>Date:</b>	<b>2/20/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Preliminary Analysis</b>
	<b>Revenue Decrease: \$44,477</b>

**Research Analysis**

The proposed committee substitute for HB2593 provides a sales tax exemption for sales to or by an 501(c)(3) organization created pursuant to Oklahoma law, which functions primarily as a private social welfare agency for undertaking activities that:

- Foster and strengthen family life;
- Develop the capacities of individual adults, families and children towards a satisfying and useful life; and
- Provide social casework to assist in the physical, social, economic and emotional adjustment of individuals.

Prepared By: Quyen Do

**Fiscal Analysis**

Preliminary analysis provided by the Tax Commission:

This is in response to your request for revenue impact for the Proposed Committee Substitute for HB 2593 which proposes to amend 68 O.S. § 1356 by exempting from the sales tax levy, sales of tangible personal property or services to or by an organization created pursuant to Oklahoma law, which is exempt from taxation pursuant to the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which is formed primarily for the purpose of performing functions as a private family and child welfare agency, and for undertaking activities to foster and strengthen family life, to develop the capacities of individual adults, families and children towards a satisfying and socially useful life and to provide social casework, foster care and other services to assist in the physical, social, economic, and intellectual and emotional adjustment of individuals.

While one entity has been specifically identified to fall within the stated language of the proposed sales tax exemption it is likely that the broad eligibility parameters of the current proposal will serve to exempt multiple organizations conducting similar support activities which could result in a significant decrease in state sales tax collections.

There is currently one known organization which could qualify for the proposed sales tax exemption. Information received from the entity indicates a FY 18 expenditure amount for tangible personal property and taxable services of \$940,760. Applying the state sales tax rate of 4.5% to the stated expenditure amount yields a decrease in state sales tax collections of \$42,334. The identified entity indicates that currently the organization makes no sales of tangible personal or taxable services.

Application of inflation rate adjustments of 2.5%, results in an estimated decrease in state sales tax collections of \$44,477 for FY 20

In order to provide a comprehensive estimated revenue impact, the identification process of potentially qualifying entities is ongoing.

Prepared By: Mark Tygret

**Other Considerations**

None.

© 2019 Oklahoma House of Representatives, see Copyright Notice at [www.okhouse.gov](http://www.okhouse.gov)