

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3160
Version:	CS
Request Number:	11466
Author:	Rep. Martinez
Date:	2/28/2020
Impact:	Tax Commission:
	Revenue Decrease
	FY-21: (\$10,918,000)

Research Analysis

The committee substitute for HB3160 relates to a sales tax exemption for the University Hospital Trust (UHT). The measure adds the UHT to the list of public entities that can extend their exemption to a contractor with whom they have a public contract with. The measure also provides a sales tax exemption for services made by or to the UHT and extends the sales tax exemption for UHT to any 501c3 designated nonprofit that has a joint operating agreement with UHT.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

The measure proposes amendment to 68 O.S. § 1356(10) & (30) to exempt the following transactions:

- Sales to persons who have entered into a public contract with University Hospitals Trust.
- Transfer of services by the University Hospitals Trust along with the transfer of tangible personal property and services to or by nonprofit entities which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) which have entered into a joint operating agreement with University Hospitals Trust.

Information received from the University Hospitals Trust states that pursuant to a fifteen month examination of its records – July 2018 through September 2019 - state and local sales tax in the amount of \$27,600 was remitted by contractors/subcontractors on purchases made for purposes of fulfilling public contracts with the Trust. Of this amount 53% or \$14,628 is attributed to state sales tax. This information also reflects that the nonprofit entity with whom University Hospitals Trust has entered into an operating agreement remitted \$10,500,000 in state sales tax for purchases of tangible personal property and taxable services in FY 19 but did not make any taxable sales during this period.

Net Revenue Impact

The combined decrease in state sales tax associated with this measure equals \$10,514,628. Application of inflation rate adjustments of 1.9%¹ results in an estimated decrease in state sales tax collections of \$10,917,980 for FY 21.

¹ Based on latest version of the Consumer Price Index-All Urban Consumers

Prepared By: Mark Tygret

Other Considerations

None.

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