

Bill Summary
1st Session of the 57th Legislature

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| Bill No.: | SB 682 |
| Version: | INT |
| Request No.: | 805 |
| Author: | Sen. Montgomery |
| Date: | 01/28/2019 |

Bill Analysis

SB 682 adds spouses of members of the Armed Forces or Oklahoma National Guard killed in action to those exempted from paying sales tax on real property or services.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 6, 2019

BILL NUMBER: SB 682 **STATUS AND DATE OF BILL:** Introduced 01/17/2019

AUTHORS: House n/a Senate Montgomery

TAX TYPE (S): Sales Tax **SUBJECT:** Exemption

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1357 by exempting from the sales tax levy, sales of tangible personal property or services not to exceed One Thousand Dollars (\$1,000.00) per year to persons who are Oklahoma residents and are the surviving spouse of an individual killed in action in any branch of the Armed Forces of the United States or Oklahoma National Guard if such person has not remarried and who may be designated as a "Gold Star Wife".

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

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

FY 20: \$1,000 decrease in sales tax collections.

FY 21: \$1,900 decrease in sales tax collections.

Feb. 7, 2019
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2-7-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-8-19
DATE

Jim Mott
FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT-SB 682-[Introduced]-Prepared February 6, 2019

The measure proposes to amend 68 O.S. § 1357 by exempting from the sales tax levy, sales of tangible personal property or services not to exceed One Thousand Dollars (\$1,000.00) per year to persons who are Oklahoma residents and are the surviving spouse of an individual killed in action in any branch of the Armed Forces of the United States or Oklahoma National Guard if such person has not remarried and who may be designated as a "Gold Star Wife".

Since it is unclear from the proposed language whether the intent is to only make surviving spouses of persons killed in action eligible for the exemption or to also include Gold Star surviving spouses, both groups were included for purposes of this revenue impact. Oklahoma Tax Commission motor vehicle records indicate that there are 20 individuals currently registered with Killed In Action special license plates and 18 individuals registered with Gold Star surviving spouse special license plates. Multiplying the 38 estimated eligible persons by the expenditure threshold limitation of \$1,000, results in total annual sales taxable expenditures of \$38,000 for FY 18. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$1,710.

Application of inflation rate adjustments of 2.3%¹ results in an estimated decrease in state sales tax collections of \$1,790 for FY 20.

With an effective date of November 1, 2019, an estimated decrease in state sales tax collections of \$1,044 will occur in FY20² and a decrease in state sales tax collection of \$1,831 will occur in FY 21 (again applying a 2.3% inflation rate adjustment).

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

² The FY 19 revenue impact includes seven months of sales tax collections.