

**OKLAHOMA TAX COMMISSION****REVENUE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE****DATE OF IMPACT STATEMENT:** March 5, 2020**BILL NUMBER:** HB 3318 **STATUS AND DATE OF BILL:** Engrossed 03/04/2020**AUTHORS:** House Blancett Senate Stanislowski**TAX TYPE (S):** Sales Tax **SUBJECT:** Exemption**PROPOSAL:** Amendatory

The measure 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 entity organized pursuant to Oklahoma law as a nonprofit, which is exempt from taxation pursuant 26 U.S.C., Section 501(c)(3), and receives donated school supplies or purchases school supplies in connection with its charitable purposes and program and allows authorized employees or representatives of a common school district to make selections of school supplies such as pencils, pens, notebook paper, etc. These school items are to be provided to students attending classes in kindergarten through twelfth grade in a common school district in which a substantial percentage of families residing in such district have household incomes equal to or less than the federal poverty level as defined by the United States Department of Health and Human Services. For purposes of the authorized exemption, a charter school shall also be qualified as a recipient of the donated supplies or authorized employees or representatives of such charter school may make selection of the described items if at least 60% of the students attending such charter school are members of families having income equal to or less than the federal poverty level.

**EFFECTIVE DATE:** Emergency – July 1, 2020**REVENUE IMPACT:**

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

FY 21: \$4,000 decrease in sales tax collections

Mar. 6, 2020

DATE

Rick Miller

DIVISION DIRECTOR

bjs

3/6/2020

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/9/2020

DATE

J.D. [Signature]

FOR THE COMMISSION

*The 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.*

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Presently, there is one known organization which could qualify for the proposed sales tax exemption. Information received from the entity indicates that state and local sales tax in the amount of \$6,540 was remitted on its purchases of school supply items for FY 19. Of this amount 53% or \$3,466 is attributed to state sales tax. The entity indicates that its only sales during FY 19 relate to the auction of donated items which appear to be exempted from the sales tax levy under Section 1356(75) of Title 68 and as a consequence are not included for purposes of estimating the revenue impact of this proposal. Application of inflation rate adjustments of 1.9%<sup>1</sup> results in an estimated decrease in state sales tax collections of \$3,599 for FY 21.

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<sup>1</sup> Based on latest version of the Consumer Price Index-All Urban Consumers