

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 5, 2020

BILL NUMBER: HB 3462 STATUS AND DATE OF BILL: Engrossed 03/03/2020

AUTHORS: House Russ and Caldwell (Chad) Senate Standridge

TAX TYPE (S): Sales Tax SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1357(22) by expanding the sales tax exemption for sales of prosthetic devices to include hearing aids purchased from an audiologist or hearing aid dealer or fitter who is licensed by the state as required by law.

EFFECTIVE DATE: November 1, 2020

REVENUE IMPACT:

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

FY 21: \$750,000 decrease in state sales tax collections

FY 22: \$1,311,000 decrease in state 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

[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.

ATTACHMENT TO REVENUE IMPACT – HB 3462 – [Engrossed] – Prepared 03/05/2020

The measure proposes to amend 68 O.S. § 1357(22) by expanding the sales tax exemption for sales of prosthetic devices to include hearing aids purchased from an audiologist or hearing aid dealer or fitter who is licensed by the state as required by law.

Based on OTC sales tax reporting and remittance data, state sales tax collections of \$1,238,663 are attributable to the described sales of hearing aids for FY 19.

The measure proposes an effective date of November 1, 2020. Application of inflation rate adjustments of 1.9%¹ results in an estimated decrease in state sales tax collections of \$750,271 for FY 21² and \$1,310,616 for FY 22 (again applying a 1.9% inflation rate adjustment).

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

² Includes seven months of sales tax collections.