

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

SB 1094
INT
Sen. Bergstrom
02/10/2020

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 8, 2020

BILL NUMBER: SB 1094 **STATUS AND DATE OF BILL:** Introduced 11/18/2019

AUTHORS: House n/a Senate Bergstrom

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

PROPOSAL: Amendatory

The measure proposes amend Section 1359 of Title 68 by removing the sales/use tax exemption for sales of tangible personal property to a qualified manufacturer¹ to be consumed or incorporated in a new manufacturing facility or to expand an existing facility.

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: None

FY 22: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 21: None

Feb. 8, 2020
DATE

Rick Miller
DIVISION DIRECTOR

msm

2/8/2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/8/2020
DATE

[Signature]
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.

¹ For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified manufacturer for construction or expansion of a manufacturing facility shall be considered sales made to a qualified manufacturer.

ATTACHMENT TO REVENUE IMPACT – SB 1094 - [Introduced] Prepared 02/8/2020.

The measure proposes amend Section 1359 of Title 68 by removing the sales/use tax exemption for sales of tangible personal property to a qualified manufacturer² to be consumed or incorporated in a new manufacturing facility or to expand an existing facility.

Public Financial Management Inc. as part of the review process conducted by the Incentive Evaluation Commission recommended repeal of this exemption for the reason that it is “unnecessary due to the availability of more generous and easier to use incentives.”³ The Incentive Evaluation Commission at its November 14, 2019 meeting voted to approve the recommendation that this exemption should be repealed.

The records of the Oklahoma Tax Commission indicate that this exemption has not been utilized in several years. Therefore, no impact to state revenues is expected to occur as a result of this proposal.

² For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified manufacturer for construction or expansion of a manufacturing facility shall be considered sales made to a qualified manufacturer.

³ State of Oklahoma Incentive Evaluation Commission, *Tax Incentive Evaluation Report 2019*.