

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 1566
Version:	INT
Request Number:	5851
Author:	Rep. Sims
Date:	2/15/2021
Impact:	Tax Commission:

Sales Tax Revenue Decrease:
FY-22: (\$91,000)
FY-23: (\$157,000)

Research Analysis

HB 1566 requires that any state tax generated from sales for admission to a 501(c)3 aquarium, or an aquarium owned by a public trust or political subdivision of Oklahoma, to be collected and disbursed to the nonprofit, public trust, or political subdivision responsible for the operation of the aquarium. The disbursed funds should be used for servicing debt incurred by the aquarium or to promote visitation for out-of-state residents.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis from the Tax Commission:

The measure provides amendment to Section 1354 of Title 68 by providing that the state sales tax generated on sales of admission tickets by aquariums exempt from taxation pursuant to the provisions of the Internal Revenue Code [26 U.S.C. § 501(c)(3)] or owned or operated by a public trust or political subdivision of this state shall be collected and disbursed to the nonprofit organization, public trust or political subdivision responsible for the aquarium's operations for use by that entity for the following purposes:

- Servicing or aiding the servicing of debt incurred by the aquarium to effect the construction, enlarging or renovation of any facility to be used for entertainment, edification, education, conservation or cultural cultivation to which entry is gained with a paid admission ticket, or
- Promoting visitation primarily to out-of-state residents.

Only state taxes collected on aquarium admissions shall be used for the stated purposes by the qualifying entity, local [city/county] sales tax will be remitted to the Tax Commission for allocation to the applicable local taxing jurisdiction.

Based upon Oklahoma Tax Commission sales tax reporting records, a total of \$284,956 in state and local sales taxes were remitted in FY 20 from one identified entity which could potentially qualify under the parameters of the proposed exemption, of which \$152,347 was state sales tax. It is assumed for purposes of this impact that the entirety of the sales tax reported is associated with ticket sales. The measure proposes an effective date of November 1, 2021. Application of growth rate adjustments¹ results in an estimated decrease in state sales tax collections of \$90,762 for FY 22² and \$156,853 for FY 23.

¹ A growth rate adjustment of 1.31% was applied for FY 21 in addition to growth rate adjustments of .81% for FY 22 and FY 23.

² Includes seven months of sales tax collections.

Prepared By: Mark Tygret

Other Considerations

None.

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