

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	HB 3649
Version:	INT
Request Number:	8812
Author:	Rep. Dills
Date:	2/14/2022
Impact:	Tax Commission:

Decrease in Sales Tax Collections
FY-23: (\$53,265)

Research Analysis

HB3649, as introduced, exempts from the sales tax levy, sales to 501(c)3 organizations that provide support to members of the military to assist with the transition to civilian life.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

The measure proposes to amend 68 O.S. § 1356 by providing a sales tax exemption for sales of tangible personal property or services to an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and which provides support to veterans, active duty members of the Armed Forces, reservists and members of the National Guard to assist with the transition to civilian life.

Research indicates that there are at least twelve organizations that could potentially qualify under the parameters of the proposed sales tax exemption.

Information obtained from three of these organizations indicates that in FY 21, they expended an estimated amount of \$24,000 in sales tax on purchases of tangible products to support veterans in Oklahoma. Assuming similar combined sales tax expenditures for the remaining groups yields total state and local sales taxes of \$96,000. [$\$24,000 / 3 = \$8,000 \times 9 = \$72,000$]. Of this amount 52% or \$49,920 is attributed to state sales tax.

Application of inflation rate adjustments¹ results in an estimated decrease in state sales tax collections of \$ 53,265 for FY 23.

¹ IHS Markit/US Forecast Flash, January 3, 2022 (4.2% for FY 22 and 2.4% for FY 23).

Prepared By: Mark Tygret

Other Considerations

None.

