

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 411
Version:	ENGR
Request Number:	NA
Author:	Rep. Fetgatter
Date:	3/18/2021
Impact:	Tax Commission

No Revenue Impact

No Administrative Costs

Research Analysis

SB 411 repeals the sales tax exemption for sales to a qualified manufacturer or distributor to be consumed or incorporated into a new facility or to expand an existing facility, as well as [68 O.S. 2011, Section 1359.1](#).

Prepared By: Emily McPherson

Fiscal Analysis

Analysis provided by the Tax Commission:

Section 1 of the measure proposes to amend Section 1359(7) 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.

Section 2 proposes to repeal Section 1359.1 of Title 68 which provides for the refund procedures to perfect the qualified manufacturer sales/use tax exemption.

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 “the Quality Jobs Program has likely made this program [exemption] (at least in terms of actual use) unnecessary.”³ The Tax Commission reported to the IEC that this exemption has not been utilized in the last five fiscal years. The Incentive Evaluation Commission (“IEC”) at its November 14, 2019 meeting voted to approve the recommendation that this exemption should be repealed.

Subsequent to the recommendation of the IEC, one entity has applied and been granted the sales tax exemption for qualified manufacturers. The repeal of this measure should not impact applicant’s exemption since their qualification predates the effective date of the proposal. No impact to state revenues is estimated.

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*.

Prepared By: Mark Tygret

Other Considerations

None.

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