

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 79
Version:	ENGR
Request Number:	NA
Author:	Rep. Wallace
Date:	3/18/2021
Impact:	Tax Commission

Sales Tax Decrease:
FY-22: \$0
FY-23: (\$6,805,000)

**Re-Investment by University Hospitals
Residency, Nursing and Other Training**

Research Analysis

SB 79 provides a sales tax exemption for sales or transfer of tangible personal property or services to or by the University Hospitals Trust and nonprofit entities that are exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code and that have entered into a joint operating agreement with the University Hospitals Trust.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis provided by the Tax Commission:

Information for FY 20 received from the University Hospitals Trust indicates that state sales tax in the amount of \$7,751 was remitted by contractors/subcontractors on purchases made for purposes of fulfilling public contracts with the Trust. This information also reflects that the nonprofit entity with whom University Hospitals Trust has entered into an operating agreement remitted \$6,557,812 in state sales tax for purchases of tangible personal property and taxable services but did not make any taxable sales during this period.

Net Revenue Impact

The combined decrease in state sales tax associated with this measure equals \$6,565,563. Application of inflation rate adjustments of 1.2%² results in an estimated decrease in state sales tax collections of \$6,804,770 for FY 23.

² Based on latest version of the Consumer Price Index-All Urban Consumers

Prepared By: Mark Tygret

Other Considerations

The University Hospitals Authority and Trust will use the savings realized by the exemption to invest in additional residency positions, nurse training positions and other enhancements to the health care system.

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