

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 19, 2022

BILL NUMBER: SB 1491 STATUS AND DATE OF BILL: Introduced 01/10/2022

AUTHORS: House n/a Senate Dahm

TAX TYPE (S): Sales Tax SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes to amend 70 O.S. § 23-116 by eliminating the Oklahoma Educational Television Authority (OETA) exemption from the payment of sales and use taxes on sales to OETA occurring on or after November 1, 2022.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 23: \$44,000 increase in state sales tax collections¹

FY 24: \$78,000 increase in state sales tax collections¹

Feb. 19, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2/19/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/21/2022
DATE

Joseph P. Tappa
FOR THE COMMISSION

The 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 The impact does not account for the potential qualification of certain purchases of OETA for the sales tax exemption currently afforded television broadcasters pursuant to 68 O.S. § 1359(8).

ATTACHMENT TO FISCAL IMPACT-SB 1491-[Introduced]-Prepared February 19, 2022

The measure proposes to amend 70 O.S. § 23-116 by eliminating the Oklahoma Educational Television Authority (OETA) exemption from the payment of sales and use taxes on sales to OETA occurring on or after November 1, 2022.

Information received from OETA indicates that in FY 22 an estimated \$142,891 will be paid in sales and uses taxes for communication equipment², utilities, office and other operating expenses. Of this amount 52% or \$74,303 is attributed to state sales and use taxes.

The measure proposes an effective date of November 1, 2022. Assuming similar taxable purchases in FY 23 and FY 24 as those occurring in FY 22 along with application of inflation rate adjustments³ results in an estimated increase in state sales and use tax collections of \$44,384 for FY 23⁴ and \$77,836 for FY 24.

The impact does not account for the potential qualification of certain purchases of OETA for the sales tax exemption currently afforded television broadcasters.⁵

² Includes purchase of a \$950,000 transmitter.

³ IHS Markit/US Forecast Flash, January 3, 2022 (4.2% for FY 22, 2.4% for FY 23 and 2.3% for FY 24).

⁴ Includes seven months of sales tax collections.

⁵ 68 O.S. § 1359(8) exempts from the sales tax levy sales of tangible personal property purchased and used by a licensed radio or television station in broadcasting. This exemption shall not apply unless such machinery and equipment is used directly in the manufacturing process, is necessary for the proper production of a broadcast signal or is such that the failure of the machinery or equipment to operate would cause broadcasting to cease. This exemption begins with the equipment used in producing live programming or the electronic equipment directly behind the satellite receiving dish or antenna, and ends with the transmission of the broadcast signal from the broadcast antenna system. For purposes of this paragraph, "proper production" shall include, but not be limited to, machinery or equipment required by Federal Communications Commission rules and regulations.