

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 16, 2022

BILL NUMBER: SB 72 **STATUS AND DATE OF BILL:** Committee Substitute 02/15/2022

AUTHORS: House n/a Senate Bergstrom

TAX TYPE (S): Sales Tax **SUBJECT:** Exemption

PROPOSAL: Repealer 68 O.S. §§ 54001-54005

The measure proposes to repeal, effective November 1, 2022, 68 O.S. §§ 54001 through 54005, also known as the "Oklahoma Research and Development Incentives Act" which provides a sales/use tax exemption for sales of computers, data processing equipment, related peripherals, telegraph or telecommunications services, and equipment to new and expanding businesses classified under designated industrial group numbers of the Standard Industrial Classification ("SIC") manual and which meet other requirements set forth in the Act.

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: None

FY 24: None

Feb. 16, 2022
DATE

Rick Miller
DIVISION DIRECTOR

msm

2/17/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/17/2022
DATE

[Signature]
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.

The measure proposes to repeal, effective November 1, 2022, 68 O.S. §§ 54001 through 54005, also known as the “Oklahoma Research and Development Incentives Act” which provides a sales/use tax exemption for sales of computers, data processing equipment, related peripherals, telegraph or telecommunications services, and equipment to new and expanding businesses classified under designated industrial group numbers of the Standard Industrial Classification (“SIC”) manual and which meet other requirements set forth in the Act.

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 it is “unnecessary due to the availability of more generous and easier to use incentives.” The Incentive Evaluation Commission at its November 14, 2019 meeting voted to approve the recommendation that this exemption should be repealed.

The records of the Oklahoma Tax Commission indicate that this exemption has not been utilized in several years. Therefore, no impact to state revenues is expected to occur as a result of this proposal.