

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 1, 2021

BILL NUMBER: SB 79 STATUS AND DATE OF BILL: Introduced 12/03/2020

AUTHORS: House Wallace Senate Thompson

TAX TYPE (S): Sales SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes amendment to 68 O.S. § 1356(10) & (30) to exempt the following transactions:

- Sales to persons who have entered into a public contract with University Hospitals Trust.
- Transfer of services by the University Hospitals Trust along with the transfer of tangible personal property and services to or by nonprofit entities which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) which have entered into a joint operating agreement with the University Hospitals Trust.

EFFECTIVE DATE: July 1, 2021- Emergency

REVENUE IMPACT:

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

FY 22: \$6,724,000 estimated decrease in state sales tax collections

Feb. 5, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2/5/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/5/21
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.

ATTACHMENT TO REVENUE IMPACT –SB 79 – [Introduced] – Prepared 02/01/2021

The measure proposes amendment to 68 O.S. § 1356(10) & (30) to exempt the following transactions:

- Sales to persons who have entered into a public contract with University Hospitals Trust.
- Transfer of services to or by the University Hospitals Trust along with the transfer of tangible personal property and services to or by nonprofit entities which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) which have entered into a joint operating agreement with the University Hospitals Trust.

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%¹ results in an estimated decrease in state sales tax collections of \$6,724,081 for FY 22.

¹ Based on latest version of the Consumer Price Index-All Urban Consumers