

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 16, 2024

BILL NUMBER: SB 1300 **STATUS AND DATE OF BILL:** Introduced 12/12/2023.

AUTHORS: House: n/a Senate: Rader

TAX TYPE (S): Sales and Use Tax **SUBJECT:** Administrative/Exemption/Refund

PROPOSAL: Amendatory

SB 1300 proposes to amend 68 O.S. § 1359(7) by allowing a trade or service business with a NAICS classification of 31, 32, 33, 42, 48, 49, 54, & 56 to qualify for the sales tax exemption for qualified manufacturers. Under current law, sales of construction materials to a qualified manufacturer to be consumed or incorporated in a new manufacturing facility or to expand an existing manufacturing facility are exempt from sales and use tax. The exemption for sales to a qualified manufacturer is administered as a refund for state and local taxes paid by the qualified manufacturer to the vendor or, in the case of use tax, self-remitted to the state of Oklahoma. In addition, the measure removes the allowance that up to 10% of the square foot of a manufacturing facility may be dedicated to office space used to provide clerical support for the new or expanded facilities.


EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

Under current law, this exemption afforded to qualified manufacturers is rarely utilized. Expanding the exemption to allow more entities to qualify will likely result in an unknown decrease in sales and use tax collections.

FY 25: Unknown decrease in sales and use tax revenues.

FY 26: Unknown decrease in sales and use tax revenues.

<u>1/17/24</u>	<u></u>	msm
DATE	MARIE SCHUBLE, DIVISION DIRECTOR	
<u>1/16/24</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>1/17/2024</u>	<u>Joseph P. Gappa</u>	
DATE	JOSEPH GAPPA, 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.