

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 31, 2023

BILL NUMBER: SB 310 STATUS AND DATE OF BILL: Introduced 01/12/2023

AUTHORS: House: n/a Senate: Pugh

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

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1356 by striking the exemption eligibility requirement of an operating budget of less than \$1,000,000 for purposes of qualifying for the current sales tax exemption afforded museums which are not accredited by the American Alliance of Museums and operate as a part of an organization which is exempt from taxation pursuant to 26 U.S.C. § 501(c)(3). The measure also extends the sunset date for this exemption from December 31, 2024 to December 31, 2027.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: \$27,000 decrease in state sales tax collections

FY 25: \$46,000 decrease in state sales tax collections

Feb. 5, 2023
DATE

Rick Miller
DIVISION DIRECTOR bjs

2/6/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/7/2023
DATE

Joseph P 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.

ATTACHMENT TO REVENUE IMPACT - SB 310 [Introduced] Prepared 1/31/23

The measure proposes to amend 68 O.S. § 1356 by striking the exemption eligibility requirement of an operating budget of less than \$1,000,000 for purposes of qualifying for the current sales tax exemption afforded museums which are not accredited by the American Alliance of Museums and operate as a part of an organization which is exempt from taxation pursuant to 26 U.S.C. § 501(c)(3). The measure also extends the sunset date for this exemption from December 31, 2024 to December 31, 2027.

Information from the Oklahoma Museum Association (OMA), indicates that approximately eleven non-accredited nonprofit museums with budgets of One Million Dollars or over would qualify for the proposed sales tax exemption. The combined estimated annual state sales tax expenditures of these organizations totaled \$39,654 for FY 2021.

The measure proposes an effective date of November 1, 2023. Application of inflation rate adjustments¹ results in an estimated decrease in state sales tax collections of \$26,527 for FY 24 and \$46,385 for FY 25.²

¹ IHS Markit/US Forecast Flash, January 3, 2023 [8.0% for FY 22, 3.9% for FY 23, 2.2% for FY 24 and 2.0 for FY 25].

² Includes seven months of sales tax collections.