OKLAHOMA Tax Commission

BILL/VERSION:	SB 474 / INTRODUCED	**ANALYST**: MM
AUTHORS:	Sen. Rader	**DATE**: 1/28/2025
TAX(ES):	Sales and Use Tax	
SUBJECT(S):	Administrative/Other	
EFFECTIVE DATE:	June 1, 2026	**Emergency** ☐

ESTIMATED REVENUE IMPACT:

FY26: None
FY27: Minimal increase in state sales tax revenues

ANALYSIS: The measure requires vendors, subject to the Oklahoma sales tax code, to apply for and obtain an annual permit to claim a sale for resale sales tax exemption permit. The measure requires the OTC to provide sellers, free of charge, verification of whether the sale for resale permit is valid.

Currently, sale for resale tax exemption permits are available to eligible resellers who hold a sales tax permit with the OTC. These permits are valid for three years. Starting in 2024, under 68 O.S. § 1364, the OTC has authority to suspend or revoke a sales tax permit, along with its associated exemption, after 12 consecutive months of inactivity ("no business activity"). This ensures that exemptions are used solely for tax-exempt purchases intended for resale. Since implementation in 2024, hundreds of inactive permits have been revoked or suspended for no business activity. SB 474 may reduce unauthorized use of the sales tax exemption, potentially increasing state sales tax revenue. However, the "no business activity" program already serves this purpose, so a minimal impact beyond current compliance measures is expected.

ADMINISTRATIVE IMPACT:
OTC anticipates it will take about 7 months to implement the provisions of SB 474, with a one-time administrative cost of $120,000 in FY26.

2/12/25	*Huan Gong*
DATE	DR. HUAN GONG, CHIEF TAX ECONOMIST
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DATE	MARIE SCHUBLE, DIVISION DIRECTOR
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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.