

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 25, 2021

BILL NUMBER: SB 236 **STATUS AND DATE OF BILL:** Enrolled 05/25/2021

AUTHORS: House Rosecrants Senate Standridge

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

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1356 by exempting from the sales tax levy, sales of articles of clothing to an Oklahoma Chapter of a national organization which is exempt from taxation pursuant to 26 U.S.C., § 501(c)(3) and distributes clothing to disadvantaged children through a community-based philanthropic program known as Operation School Bell.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

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

FY 22: \$17,000 decrease in state sales tax collections

FY 23: \$30,000 decrease in state sales tax collections

May 26, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bjs

5/26/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

5/26/21
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 – SB236– [Enrolled] – Prepared 05/25/2021

The measure proposes to amend 68 O.S. § 1356 by exempting from the sales tax levy, sales of articles of clothing to an Oklahoma Chapter of a national organization which is exempt from taxation pursuant to 26 U.S.C., § 501(c)(3) and distributes clothing to disadvantaged children through a community-based philanthropic program known as Operation School Bell.

Presently, there are three known local chapters that distribute clothing to disadvantaged children through the Operation School Bell program which could qualify for the sales tax exemption. Information received indicates that the combined chapters paid \$29,204 in state sales tax on their purchases of clothing articles for FY 20.

The measure proposes an effective date of November 1, 2021. Application of inflation rate adjustments of 1.2%¹ results in an estimated decrease in state sales tax collections of \$17,447 for FY 22² and \$30,267 for FY 23 (again applying a 1.2% inflation rate adjustment).

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

² Includes seven months of sales tax collections.