

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 10, 2022

BILL NUMBER: HB 3701 **STATUS AND DATE OF BILL:** Engrossed 03/08/2022

AUTHORS: House Russ et al. Senate Howard

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

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1357(22) by expanding the sales tax exemption for sales of prosthetic devices to include hearing aids purchased from an audiologist or hearing aid dealer or fitter who is licensed by the state as required by law.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

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

FY 23: \$797,000 decrease in state sales tax collections

FY 24: \$1,397,000 decrease in state sales tax collections

Mar. 24, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bjs

3/14/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/18/2022
DATE

Joseph P. Sappia
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 FISCAL IMPACT - HB 3701 - [Engrossed]-Prepared March 10, 2022

The measure proposes to amend 68 O.S. § 1357(22) by expanding the sales tax exemption for sales of prosthetic devices to include hearing aids purchased from an audiologist or hearing aid dealer or fitter who is licensed by the state as required by law.

Based on OTC sales tax reporting and remittance data, state sales tax collections of \$1,280,000 are attributable to the described sales of hearing aids for FY 21.

The measure proposes an effective date of November 1, 2022. Application of inflation rate adjustments¹ results in an estimated decrease in state sales tax collections of \$796,699 for FY 23² and \$1,397,182 for FY 24.

¹ IHS Markit/US Forecast Flash, January 3, 2022 [4.2% for FY 22, 2.4% for FY 23 and 2.3% for FY 24].

² Includes seven months of sales tax collections