

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 31 2023

BILL NUMBER: HB 2316 **STATUS AND DATE OF BILL:** Engrossed 3/13/2023

AUTHORS: House: Hilbert Senate: Paxton

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

PROPOSAL: Amendatory 68 O.S. §§ 1352 & 1356

Section one of the measure proposes amendment to Section 1352 of Title 68 by defining occasional sale.

Section two of the measure proposes amendment to Section 1356 of Title 68 to exempt occasional sales from the sales tax levy.

EFFECTIVE DATE: Emergency - July 1, 2023

REVENUE IMPACT:

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

FY 24: \$27,245,000 decrease in state sales tax revenue

Mar. 31, 2023
DATE

Rick Miller
DIVISION DIRECTOR

msm

3/31/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/31/2023
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.

Section one of the measure proposes amendment to Section 1352 of Title 68 by defining occasional sale¹.

Section two of the measure proposes amendment to Section 1356 of Title 68 to exempt occasional sales from the sales tax levy.

Based upon Oklahoma Tax Commission sales tax reporting and remittance data, a total of \$26,205,684 in state sales tax was remitted in FY 22 on transactions designated as "casual" which meet the definition of "occasional sale" for purposes of the proposed sales tax exemption. The measure provides for an effective date of July 1, 2023. Assuming similar qualifying occasional sales in FY 24 as those which occurred in FY 22 along with application of sales tax growth rates of 3.8% for FY 23 and .16% for FY 24 results in an estimated decrease of \$27,245,022 in state sales taxes for FY 24.

Sales taxes are not presently reported in such a manner to capture remittance amounts related to business sales of fixtures and equipment. Therefore, the estimated revenue impact outlined above does not account for any losses in state sales tax revenues attributed to sales of fixtures and equipment qualifying under the provisions of the proposed sales tax exemption.

¹ Occasional sale means a) an isolated sale or series of sales by a person who does not habitually engage, or hold himself out as engaging, in the business of selling taxable items at retail, b) the sale of the entire operating assets of a business or of a separate division, branch, or identifiable segment of a business, c) the sale of tangible personal property by an individual if: (1) the property was originally bought by the individual or a member of the individual's family for the personal use of the individual or the individual's family, (2) the individual does not hold a permit issued under this code and is not required to obtain a permit as a "seller" or "retailer" as those terms are defined by law, (3) the individual does not employ an auctioneer, broker, or factor, other than an online auction, to sell the property, and (4) the total receipts from sales of the individual's tangible personal property in a calendar year do not exceed Three Thousand Dollars (\$3,000.00), d) within the meaning of subparagraph b of this paragraph, separate division, branch, or identifiable segment of a business exists if before its sale the income and expenses attributable to the separate division, branch, or segment could be separately ascertained from the books of account or record, or e) this section does not apply to (1) a rental or lease of a taxable item, (2) sales of taxable items held on consignment, (3) sales made, supervised or aided by an auctioneer, or agent or employee of an auctioneer, (4) the sale of motor vehicles. f) "Series of sales" means any multiple sales of tangible personal property, for a limited duration not to exceed thirty (30) consecutive days. Each individual sale of the multiple sales shall meet the definition of occasional sales as provided in this subsection.