OKLAHOMA
Tax Commission

REVENUE IMPACT STATEMENT
2025 REGULAR SESSION
60TH LEGISLATURE, 1ST SESSION

BILL/VERSION:	HB 1171 / INTRODUCED	**ANALYST**: BS	
AUTHORS:	Rep. Stark	**DATE**: 12/17/2024	
TAX(ES):	Sales Tax		
SUBJECT(S):	Exemption		
EFFECTIVE DATE:	July 1, 2025	**Emergency** ☒	

ESTIMATED STATE REVENUE IMPACT:

FY26: Unknown decrease in state sales tax collection.

ANALYSIS: HB 1171 proposes to amend 68 O.S. § 1356 by exempting from the state sales tax levy the sales of tangible personal property or services to a qualifying 501(c)(3) nonprofit organization.

According to the IRS[1], there are over 20,000 501(c)(3) organizations operating in Oklahoma with recently reported annual revenue below $3 million that may be eligible for the exemption provided in HB 1171. However, sales tax is reported and remitted to the Tax Commission on an aggregate level and does not allow for the identification of individual purchasing entities or corresponding expenditure amounts for purposes of estimating the impact to sales tax revenues attributable to the proposal. Therefore, the decrease in state sales tax revenues resulting from this measure is presently unknown.

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[1] See https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-eo-bmf.

1/30/25 — Huan Gong
DATE — DR. HUAN GONG, CHIEF TAX ECONOMIST

1/30/25 — Marie Schuble
DATE — MARIE SCHUBLE, DIVISION DIRECTOR

1/31/25 — Joseph P. Gappa
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.