



BILL/VERSION:	SB 0231 / INTRODUCED	ANALYST:	MM
AUTHORS:	Sen. Thompson	DATE:	1/7/2025
TAX(ES):	Sales and Use Tax		
SUBJECT(S):	Expansion of sales tax holiday		
EFFECTIVE DATE:	July 1, 2025	Emergency	☒

ESTIMATED REVENUE IMPACT:

FY26: Unknown total, but at least a \$12.6 million decrease to state sales tax collections.

ANALYSIS: The measure expands the current sales tax holiday (clothing under \$100) to include school supplies, art supplies, instructional supplies, computers, and recreational equipment. The measure also requires local government reimbursement for lost sales tax revenue.

Eligible Item	State Sales Tax Impact
Sport, Recreational Equipment	Unknown
School Supplies	-\$5.9 million
Art Supplies	-\$1 million
Instructional Materials	N/A (\$100 price cap)
Computer Supplies	N/A (\$100 price cap)
City Sales Tax (Reimbursed by State)	-\$4.8 million
County Sales Tax (Reimbursed by State)	-\$895,000
Total Decline - State Sales Tax	-\$12.6 million

Data from the State Dept. of Education, Higher Ed, Career Tech, and other sources. Estimates obtained by multiplying the number of students and estimates in each category. Some items exceed the \$100 threshold and are unlikely to qualify.

ADMIN CONCERNS: The July 1, 2025 effective date provides only 30 days for the OTC to implement this legislation, which requires system development, form changes, drafting rules, guidance and FAQs, etc.. The emergency rules process itself takes at least 45 days, which presents an impossibility.

In addition, the proposed definitions do not conform to the Streamlined Sales and Use Tax Agreement (SSUTA), which may lead to non-compliance for the state of Oklahoma. The SSUTA facilitates tax collection by remote sellers, thereby ensuring Oklahoma receives the appropriate tax revenue from these sellers. Non-compliance puts Oklahoma's SSUTA status in jeopardy.

2/17/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/19/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/23/25

DATE

Joseph P. Gappa

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.

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.