

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 8, 2023

BILL NUMBER: SB 318 STATUS AND DATE OF BILL: Engrossed 03/07/2023

AUTHORS: House: Steagall Senate: Bergstrom

TAX TYPE (S): Sales SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 1356(70) by changing the administration of the sales tax exemption for Blue Star Mothers of America, Inc. Currently, Section 1356(70) of Title 68 exempts from state sales tax, purchases by the Blue Star Mothers of America, Inc.¹ of tangible personal property actually sent to United States military personnel overseas who are serving in a combat zone. To perfect the referenced exemption the Organization must file a claim for refund for the state sales tax paid on the covered purchases. Instead of the described refund process, the measure proposes that the exemption for purchases of items intended to be sent to the aforementioned personnel be claimed at the point of sale pursuant to the issuance by the Tax Commission of a sales tax exemption certificate.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: Minimal decrease in state sales tax collections

FY 25: Minimal decrease in state sales tax collections

March 9, 2023

DATE

Rick Miller

DIVISION DIRECTOR

bjs

3/9/2023

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/9/2023

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.

¹ A service organization of mothers who have children who are serving or who have served in the military, which service organization is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(19) and which is known as the Blue Star Mothers of America, Inc.

ATTACHMENT TO REVENUE IMPACT - SB 318-[Engrossed] Prepared 03/08/23

The measure proposes to amend 68 O.S. §1356(70) by changing the administration of the sales tax exemption for Blue Star Mothers of America, Inc. Currently, Section 1356(70) of Title 68 exempts from state sales tax, purchases by the Blue Star Mothers of America, Inc.² of tangible personal property actually sent to United States military personnel overseas who are serving in a combat zone. To perfect the referenced exemption the Organization must file a claim for refund for the state sales tax paid on the covered purchases. Instead of the described refund process, the measure proposes that the exemption be claimed at the point of sale pursuant to the issuance by the Tax Commission of a sales tax exemption certificate for purchases of items intended to be sent to the aforementioned personnel.

The national website for Blue Stars Mothers of America Inc. indicates that there are twelve Oklahoma Chapters of the referenced Organization. Based on Oklahoma Tax Commission data for FY 22, only one chapter filed four refund claims in the total amount of \$303.95.

It is anticipated that some chapters, which previously did not pursue refunds of sales taxes paid on purchases of any eligible items, will available themselves of the point of sale exemption provided for in the measure. However, due to the scope of the exemption remaining substantially the same, a minimal decrease in state sales tax collections is estimated for FY 24 and FY 25.

² A service organization of mothers who have children who are serving or who have served in the military, which service organization is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(19) and which is known as the Blue Star Mothers of America, Inc.