

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	SB750
Version:	ENGR
Request Number:	
Author:	Rep. Fetgatter
Date:	4/6/2023
Impact:	OTC Analysis:
	FY24: \$520,000 revenue decrease
	FY25: \$910,000 revenue decrease

Research Analysis

Engrossed SB750 provides a sales tax exemption for machinery and equipment purchased for commercial cryptoasset mining until December 31, 2038. The mining must occur in a facility that is at least 50,000 square feet and has a load reduction agreement with its retail electric supplier. Eligible equipment includes, but is not limited to, servers, computers, racks, power distribution units, cabling, switchgears, transformers, substations, software, network equipment, and electricity.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, SB750 proposes to exempt from the sales tax levy the sale of machinery and equipment including but not limited to servers and computers, racks, power distribution units, cabling, switchgear, transformers, substations, software, network equipment, and electricity used of commercial mining of digital assets in a colocation facility.

Officials from the Oklahoma Tax Commission calculate the fiscal impact of the bill as follows:

The activities of the facilities described in the measure fall within the parameters of the referenced classification number and should they meet the qualification requirements their purchases of machinery and equipment outlined in the measure would be exempt from sales tax pursuant to paragraph 21 of Section 1357.⁷ The only transaction identified in the measure not covered by the existing sales tax exemption would be purchases of electricity. Currently, there are 11 exempt entities that have been granted this exemption and 3 of these entities are involved in the mining of digital assets.

One identified establishment that could be eligible for the proposed sales tax exemption, has estimated state sales tax attributable to the purchase of electricity used for commercial mining of digital assets of \$210,000 for FY 22. Calculated with an inflation rate of 3.9% for FY 23, results in an estimated \$218,190 in state sales tax attributable to purchases of electricity, which when multiplied by four yields an estimated \$872,760 in state sales tax. The measure proposes an effective date of November 1, 2023. Taking into account the effective date along with application of inflation rate adjustments of 2.2% for FY 24, and 2% for FY 25 results in an estimated decrease of \$520,310 in state sales tax revenues for FY 24⁸, and an estimated decrease of \$909,800 in state sales tax revenues for FY 25.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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