

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** March 7, 2023

**BILL NUMBER:** SB 392      **STATUS AND DATE OF BILL:** Engrossed 03/07/23

**AUTHORS:** House: Boles      Senate: Stanley

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

**PROPOSAL:** Amendatory

The measure proposes to amend 68 O.S. § 1357(34) by increasing the limitation on sales qualifying for the exemption afforded a surviving spouse of a qualifying 100% disabled veteran from \$1,000 to \$10,000 per year. It further provides that nothing shall preclude the surviving spouse of a deceased veteran from eligibility for the 100% disabled veteran sales tax exemption on the basis that the disability rating was awarded on or after the veteran's date of death. It further changes the qualification wording for exemption from "receipt of" to "awarded" disability compensation at the 100% rate. The measure also requires the OTC to issue a separate exemption card to up to two members of the exempt person's household which are authorized to make purchases on behalf of the person exempted under paragraph (34).

**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 \$1,169,000 decrease in state sales tax collections  
FY 25 \$2,045,000 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.**

## **ATTACHMENT TO REVENUE IMPACT - SB 392 - [Engrossed] - Prepared 03/07/23**

The measure proposes to amend 68 O.S. § 1357(34) by increasing the limitation on sales qualifying for the exemption afforded a surviving spouse of a qualifying 100% disabled veteran from \$1,000 to \$10,000 per year. It further provides that nothing shall preclude the surviving spouse of a deceased veteran from eligibility for the 100% disabled veteran sales tax exemption on the basis that the disability rating was awarded on or after the veteran's date of death. It further changes the qualification wording for exemption from "receipt of" to "awarded" disability compensation at the 100% rate. The measure also requires the OTC to issue a separate exemption card to up to two members of the exempt person's household which are authorized to make purchases on behalf of the person exempted under paragraph (34).

The Oklahoma Tax Commission's Active Account Summary as of January 5, 2023 indicates that 4,843 surviving spouses have been issued the 100% disabled veteran sales tax exemption. Multiplying the 4,843 surviving spouses by the increased expenditure threshold limitation of \$9,000, results in total annual sales taxable expenditures of \$43,587,000 for FY 23. Applying the state sales tax rate of 4.5% yields a decrease in state sales tax collections of \$1,961,415.

The measure proposes an effective date of November 1, 2023. Assuming the same number of eligible persons for FY 24 and FY 25 as those qualifying for exemption in FY 23 in addition to application of inflation rate adjustments<sup>1</sup> results in an estimated decrease in state sales tax collections of \$1,169,330 for FY 24<sup>2</sup> and \$2,044,657 for FY 25.

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<sup>1</sup> IHS Markit/US Forecast Flash, January 3, 2023 [2.2% for FY 24 and 2.0% for FY 25].

<sup>2</sup> Includes seven months of state sales tax collections.