

**BILL SUMMARY**  
1<sup>st</sup> Session of the 60<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB1171</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>10117</b>
<b>Author:</b>	<b>Rep. Stark</b>
<b>Date:</b>	<b>2/3/2025</b>
<b>Impact:</b>	<b>Unknown Decrease</b>

**Research Analysis**

HB1171, as introduced, provides a sales tax exemption to nonprofit organizations that are in good standing and have an annual gross revenue of less than \$3 million. An eligible organization may not purchase alcohol and tobacco with its exemption.

Prepared By: Quyen Do

**Fiscal Analysis**

In its current form, HB1171 proposes to create a sales tax exemption for sales of tangible personal property or services to certain 501(c)(3) nonprofit organizations.

The Oklahoma Tax Commissions has provided the following fiscal impact analysis:

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<b>BILL/VERSION:</b>	HB 1171 / INTRODUCED	<b>ANALYST:</b> BS
<b>AUTHORS:</b>	Rep. Stark	<b>DATE:</b> 12/17/2024
<b>TAX(ES):</b>	Sales Tax	
<b>SUBJECT(S):</b>	Exemption	
<b>EFFECTIVE DATE:</b>	July 1, 2025	<b>Emergency</b> <input checked="" type="checkbox"/>

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**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<sup>1</sup>, 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.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.

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