

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** January 17, 2024

**BILL NUMBER:** SB 1483 **STATUS AND DATE OF BILL:** Introduced 12/15/2023

**AUTHORS:** House: n/a Senate: Jett

**TAX TYPE(S):** Sales Tax **SUBJECT:** Sales Tax Rate

**PROPOSAL:** Amendatory

The measure amends 68 O.S. §§ 1353 & 1354 by proposing a 0% state tax rate on sales of *food and food ingredients* beginning November 1, 2024. Further, it defines terms such as *food and food ingredients, candy, alcoholic beverages, dietary supplements, prepared food, and soft drinks.*

**EFFECTIVE DATE:** November 1, 2024

**REVENUE IMPACT:**

The Oklahoma Tax Commission is unable to capture the actual amount of sales tax that is attributable to food and food ingredients from its sales tax data base. The estimated revenue impact of this measure is based on data from U.S. Census Bureau, U.S. Bureau of Labor Statistics, and Oklahoma Tax Commission records.

**FY 25:** An estimated decrease of \$239,631,000 in state sales tax revenue.

**FY 26:** An estimated decrease of \$418,848,000 in state sales tax revenue.

**ADMINISTRATIVE IMPACT:**

**FY25:** The implementation of this measure will require a minimum of three months and will result in a one-time estimated administrative cost of \$93,750.

1/18/24

DATE



MARIE SCHUBLE, DIVISION DIRECTOR

msm

1/17/24

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/2/2024

DATE

Joseph P. Gappa

JOSEPH 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 1483] Prepared: 1/17/2024**

### **CURRENT LAW:**

The sale of food and food ingredients is subject to Oklahoma sales tax pursuant to 68 O.S. § 1352 (A), unless the purchaser is exempted pursuant to other statutes such as 68 O.S. §§ 1356 & 1357.

### **PROPOSED AMENDMENTS:**

The measure amends 68 O.S. §§ 1353 & 1354 by proposing a 0% state tax rate on sales of *food and food ingredients* beginning November 1, 2024. Further, it defines terms such as *food and food ingredients, candy, alcoholic beverages, dietary supplements, prepared food, and soft drinks*.

### **ANTICIPATED IMPACT:**

The Oklahoma Tax Commission is unable to capture the actual amount of sales tax that is attributable to food and food ingredients from its sales tax data base. The estimated revenue impact of this measure is based on data from U.S. Census Bureau, U.S. Bureau of Labor Statistics, and Oklahoma Tax Commission records.

The U.S. Census Bureau records indicate there are 1,522,711 households in Oklahoma<sup>1</sup> and data from the U.S. Bureau of Labor Statistics indicate the amount of estimated expenditures for at-home food consumption per household was \$5,703<sup>2</sup> for 2022. Assuming expenditures on at-home food consumption increased by 3.51% in 2023 results in approximately \$8,988,829,964 spent on at-home food consumption in Oklahoma in 2023. An adjustment of \$178,258,754 for food purchased with coupons issued pursuant to the federal food stamp program and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) vouchers, which are currently exempt, results in a net at-home food expenditure amount of \$8,810,571,210 for 2023.

Adjusting for inflation and applying the current 4.5% state sales tax rate results in an estimated decrease in state sales tax collections of \$239,631,249 for FY 25 and an estimated decrease of \$418,848,037 in state sales tax revenues for FY 26.

### **ISSUES/CONCERNS:**

The proposed language “a tax of zero percent (0%) shall be levied upon sales of food and food ingredients” has been interpreted for this impact as affecting state sales tax only. However, clarification regarding local sales tax collections would be beneficial.

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<sup>1</sup> [U.S. Census Bureau QuickFacts: Oklahoma](#)

<sup>2</sup> [CONSUMER EXPENDITURES--2022 - 2022 A01 Results \(Bls.Gov\)](#)