

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** March 5, 2021

**BILL NUMBER:** SB 411 **STATUS AND DATE OF BILL:** Engrossed 03/02/2021

**AUTHORS:** House Fetgatter Senate Bergstrom

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

**PROPOSAL:** Amendatory & Repealer

Section 1 of the measure proposes to amend Section 1359(7) of Title 68 by removing the sales/use tax exemption for sales of tangible personal property to a qualified manufacturer<sup>1</sup> to be consumed or incorporated in a new manufacturing facility or to expand an existing facility.

Section 2 proposes to repeal Section 1359.1 of Title 68 which provides for the refund procedures to perfect the qualified manufacturer sales/use tax exemption.

**EFFECTIVE DATE:** November 1, 2021

**REVENUE IMPACT:**

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

FY 22: Section 1: None  
Section 2: None  
FY 23: Section 1: None  
Section 2: None

Mar. 5, 2021  
DATE

Rick Miller  
DIVISION DIRECTOR

msm

3/5/2021  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

3/5/21  
DATE

J.D.L.  
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.***

<sup>1</sup> For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified manufacturer for construction or expansion of a manufacturing facility shall be considered sales made to a qualified manufacturer.

**ATTACHMENT TO REVENUE IMPACT – SB 411 - [Engrossed] - Prepared 03/05/2021**

Section 1 of the measure proposes to amend Section 1359(7) of Title 68 by removing the sales/use tax exemption for sales of tangible personal property to a qualified manufacturer<sup>2</sup> to be consumed or incorporated in a new manufacturing facility or to expand an existing facility.

Section 2 proposes to repeal Section 1359.1 of Title 68 which provides for the refund procedures to perfect the qualified manufacturer sales/use tax exemption.

Public Financial Management, Inc. as part of the review process conducted by the Incentive Evaluation Commission recommended repeal of this exemption for the reason that “the Quality Jobs Program has likely made this program [exemption] (at least in terms of actual use) unnecessary.”<sup>3</sup> The Tax Commission reported to the IEC that this exemption has not been utilized in the last five fiscal years. The Incentive Evaluation Commission (“IEC”) at its November 14, 2019 meeting voted to approve the recommendation that this exemption should be repealed.

Subsequent to the recommendation of the IEC, one entity has applied and been granted the sales tax exemption for qualified manufacturers. The repeal of this measure should not impact applicant’s exemption since their qualification predates the effective date of the proposal. No impact to state revenues is estimated.

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<sup>2</sup> For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified manufacturer for construction or expansion of a manufacturing facility shall be considered sales made to a qualified manufacturer.

<sup>3</sup> State of Oklahoma Incentive Evaluation Commission, *Tax Incentive Evaluation Report 2019*.