

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	SB 1396
Version:	CCS
Author:	Rep. Hickman & Sen. Mazzei
Date:	May 25, 2010
Impact:	Income Tax Collections
	FY11: Positive Impact of \$5.8 Million
	FY12: Positive Impact of \$11.6 Million

Bill Summary

Research Analyst: Arnella Karges

The Conference Committee Substitute (CCS) for SB1396 adds a provision for adjustment of taxable income for corporations and gross income for individuals, beginning for tax year 2010, to add to the Oklahoma taxable income an amount equal to the amount of deferred income not included due to the enactment of the American Recovery and Reinvestment Act of 2009 (ARRA). The CCS also subtracts from state taxable income an amount equal to the deferred income under ARRA.

Fiscal Summary

Fiscal Analyst: Diane Thomas

CCS for SB 1396 decouples Oklahoma from the federal income tax provisions relating to cancellation of debt income according to the American Recovery and Reinvestment Act of 2009.

Fiscal Analysis

Under the federal provisions, the cancellation of debt income (under certain conditions) is deferred and not included in taxable income. This measure will include this income in Oklahoma taxable income in the year the debt is forgiven and is not recognized in the year included in federal taxable income (the deferred years).

OTC anticipates a positive impact for tax year 2010 of \$11.6 million. For FY11 the positive impact is \$5.8 million, with the full positive impact of \$11.6 million occurring in FY12.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director