

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 52<sup>nd</sup> Legislature

<b>Bill No.:</b>	<b>SJR 61</b>
<b>Version:</b>	<b>Conference Committee Substitute</b>
<b>Author:</b>	<b>Mr. Speaker Benge/Senator Coffee</b>
<b>Date:</b>	<b>May 21, 2010</b>
<b>Impact:</b>	<b>Revenue Neutral</b>

**Bill Summary**

Research Analyst: Arnella Karges

The Conference Committee Substitute for SJR61 states legislative intent that the bill is to place a moratorium on the franchise tax and to add a tax in lieu of ad valorem taxes on intangible personal property of all businesses in Oklahoma, except for public service corporations, air carriers, and railroads.

The CCS creates the Oklahoma Business Activity Tax Code, which will expire on December 31, 2012, unless made permanent by a future Legislature. The act also states legislative intent that it is the purpose of the act to create a revenue- neutral mechanism to provide a fair and simplified taxation of businesses and individuals in Oklahoma while maintaining revenue levels for the state. The new taxes will be collected as franchise taxes are collected now, and will be deposited in the General Revenue Fund. The tax on each business in Oklahoma will be an annual tax of \$25.00, and a tax equal to one percent of the net revenue received from business activity allocated to Oklahoma.

The CCS also requires that taxes due from businesses or others subject to the franchise tax shall be equal to the amount paid for tax year 2010. This tax will be in lieu of any and all other taxes imposed by the state, counties, cities or other political subdivisions on intangible personal property.

The CCS creates the Task Force on Comprehensive Tax Reform, to recommend amendments to the Business Activity Tax Code, to review taxes imposed on businesses and individuals in Oklahoma, and to develop recommendations and proposed legislation to provide simplification and fairness in Oklahoma's tax structure. The Task Force shall be composed of 21 members, including legislators, relevant agency directors, and public citizens representing major Oklahoma industries. The CCS provides travel reimbursement for any legislative members on the Task Force. The CCS requires the Task Force to submit a final report to the Governor, President Pro Tempore, and Speaker by January 1, 2012 with findings and recommendations to amend and revise the Oklahoma Business Activity Tax Code.

**Fiscal Summary**

Fiscal Analyst: Diane Thomas

CCS for SJR 61 creates the Oklahoma Business Activity Tax Code (BATC).

The measure includes a tax in lieu of ad valorem taxes on intangible personal property of all persons doing business in Oklahoma except public service corporations, air carriers and railroads. The measure provides it is not raising revenue. It further states the provisions will have no effect after December 31, 2012. Also, the task force created in Section 15 is required to submit a report with recommendations for the Business Activity Tax Code on or after January 1, 2013. The measure creates revenue-neutral modifications and specifies the apportionment of the modifications.

### **Fiscal Analysis**

The Tax Commission states this measure is revenue neutral.

### **Long Term Fiscal Considerations**

As stated above.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director