

BILL SUMMARY

2nd Session of the 53rd Legislature

Bill No.:	HB 3038
Version:	FA1
Request Number:	NA
Author:	Rep. Reynolds
Date:	3/12/2012
Impact:	Estimated Impact of Repealers:
	\$98.1 Million (based on tax Commission data with current tax rates)

Research Analysis

Floor amendment 1 for HB3038 deletes sections 7-16 of the bill concerning the repeal of (1) of residential real property damaged or destroyed in certain tornadoes, (3) state earned income credit, (4) tax credit for cost of dry fire hydrant or water damage, (5) tax credit for costs of training specialty canines, (6) tax credit for certain classes of employees, (7) property tax relief for certain qualified disable persons, sales tax relief for families receiving federal assistance or state supplemental payments, and (8) (a) as a result of the death of a member of the Armed Forces who has been killed in action in a designated combat zone, (c) income tax deductions for political contributions, (d) adjustments for individuals engaged in the business of farming, (e) adjustments for bonus depreciation, and (f) the volunteer firefighter tax credit.

The amendment further increases the changes to the tax law by repealing sections of law concerning (1) determinations of the State Board of Equalization regarding income tax rate changes, (2) business tax credits for investment or increase in full-time employees, (3) tax credit for contributions to the energy conservation assistance fund, (4) credit for investment in qualified venture capital companies, (5) tax credit for Oklahoma coal production, (6) tax credit for commercial space industries, (6) deductions from taxable income for sale of historic battle sites to the state, (7) tax credit for investments in agricultural processing cooperatives, ventures and marketing associations, (8) tax credit for recreational activities groups that are Oklahoma producer-owned agricultural processing marketing associations, (9) tax credits for expenses for child care service by employers and businesses, (19) tax credits for investment in certain enterprises, (20) tax credits for owners of residential properties damaged or destroyed in certain tornadoes, (21) (small business tax credits, (22) tax credits for certain employers offering health insurance, (23) tax credit for wind or photovoltaic energy systems, (24) tax credit for electricity generated by zero-emission facilities, (25) tax credit for manufacturers of small wind turbines, (26) tax credit for immunization against Hepatitis A, (27) tax credits for tourism, (28) tax credit for historic structures rehabilitation, (29) tax credit for investments by space transportation vehicle providers, (30) state earned income tax credit, (31) tax credit for donation to independent biomedical or cancer research institute, (32) tax credit for contractor expenditures for construction of energy efficient properties, (33) tax credit for employers for eligible wages paid to an employee who returns to work from worker's compensation on a limited basis, (34) recycling tax credits, (35) tax credit for investment in small business companies, (36) tax credits for investment in ethanol and biodiesel facilities, (37) tax credits for investment in rural venture small business capital companies, (38) the investment incentive tax credit, (39) tax credit for purchase and transportation of poultry litter, (40) tax credits for investments in film or music projects, (41) tax credit for cost of dry fire hydrant or water storage, (42) tax credit for railroad construction, (43) tax credits for investment in high tech industries, (44) tax credit for investment in aerospace industries, (45) tax credit for business engaged in the specialty trained canines, (46)

tax credits for costs associated with qualified refinery property, (47) tax credits for educational scholarships, (47) tax credit for electronic fund transfers, (48) tax credits for qualified electric motor vehicles, (49) tax credit for guarantee fees paid by financial institutions, (50) tax credit for payment of Stafford loan origination fees, (51) tax credit for disability income payments for claimants, (52) sales tax relief for low income households, and (53) tax credit for wages for employers of employees engaged in computer services, data processing, or research and development.

Prepared by: Aron Storck

Fiscal Analysis

The amendment repeals numerous tax provisions, including (with estimated impact) (Sources: Oklahoma Tax Commission Tax Expenditure Report and Tax Commission impact reports):

- The Tax Credit and Incentive Task Force (\$0)
- Investment/Jobs Credit (+\$49.5 million)
- Energy Conservation Assistance Fund (+\$21,000)
- Venture Capital investment (+\$13.0 million)
- Coal Production Credits (+\$12.4 million)
- Commercial Space Industry Credit (\$0)
- National Historic Landmark Sale Deduction (\$0)
- Agriculture Cooperative Producers/Recreational Activities Credit (+\$3.9 million)
- Employer Child Care Programs Credits (+\$4,560)
- Entities in Child Care Services Business (+\$250,000)
- Airline Service Credit (+2,000)
- Residential Dwelling Damaged/Destroyed in Disaster Credit (\$0)
- SBA Guaranty Fee Credit (+\$227,000)
- Employer Health Insurance Provided Credit (\$0)
- Wind and Photovoltaic Credit (\$0)
- Zero Emission Electricity Generation Credit (+\$1,240,000)
- Small Wind Turbine Manufacturing Credit (+\$1,675,000)
- Hepatitis A Immunization (+\$19,000)
- Tourism Development Act Credits (\$0)
- Historic Rehabilitation Credit (+\$9,800,000)
- Space Transport Vehicle Credit (\$0)
- Earned Income Tax Credit (+\$31,900,000)
- Biomedical/Cancer Research Credit (+\$364,000)
- Energy Efficient Home Construction Credit (+\$3,776,000)
- Wages Paid Injured Employee (+\$31,000)
- Recycling Facility Credit (+\$32,000)
- Small Business Capital Investment Credit (2011 Sunset)
- Ethanol Facility Credit (\$0)
- Biodiesel Facility Credit (+\$0)
- Rural Venture Capital Formation Incentive Credit (2011 Sunset)
- Enterprise Zone Incentive leverage Credit (+\$150)
- Poultry Litter Credit (+\$306,000)
- Film or Music Project Credit (+\$39,000)

- Dry Hydrant Credit (+\$45,000)
- Railroad Modernization Credit (+\$1,130,000)
- Computer Industry Credit (no data)
- Aerospace Industry Credit (no data)
- Specialty Canine Credit (+\$129,000)
- Refinery Property Credit (no data)
- Equal Opportunity Education Scholarship Credit (no data)
- Wire Transfer Fee Credit (no data)
- Electric Vehicle Credit (\$0)
- Stafford Loan Origination Fee Credit (+\$350,000)
- Low Income Property Tax Relief (+\$226,000)
- Sales Tax Relief Act (+\$42,200,000)
- Research and Development Incentives (+\$14,000)

Revenue estimates are historical and based on a top marginal rate of 5.50%

HB 3038 includes the repeal of the credits and incentives task force, the residential damaged or destroyed credit, the earned income tax credit, the dry hydrant credit, the specialty canine credit, the low income property tax relief credit and the sales tax relief act. In addition, the amendment would effectively restore the credit for aerospace employees, certain credits for military prisoners of war and survivors of soldiers and certain interest income on obligations. While data are limited or vague for certain credits and exemptions, the net revenue increase from the amendment approaches \$98.1 million (based on a full tax year estimate at current tax rates).

Prepared By: Mark Tygret

Other Considerations

None.