

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 11, 2011

BILL NUMBER: SB 745 **STATUS AND DATE OF BILL:** Introduced 1/20/11

AUTHORS: House n/a Senate Mazzei

TAX TYPE (S): Income Tax **SUBJECT:** Credit and Deductions

PROPOSAL: Amendatory

SB 745 proposes to make the tax credit moratorium¹ permanent for a variety of income tax credits, as well as sunset two income tax deductions. These credits and deductions would not be available beginning with tax year 2012.

EFFECTIVE DATE: November 1, 2011

REVENUE IMPACT:

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

FY 12: -0-

FY 13: Projected revenue increase of \$6,483,000

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

DATE

DIVISION DIRECTOR

mck

DATE

REECE WOMACK, ECONOMIST

DATE

FOR THE COMMISSION

¹ A tax credit moratorium was enacted in the 2010 Legislative Session - SB 1267.

ATTACHMENT TO FISCAL IMPACT - SB 745 [Introduced] Prepared February 11, 2011

Under current law, there is an income tax credit moratorium for certain credits, including seven (7) income tax credits in this proposal. No credits may be generated for expenditures during the moratorium period, July 1, 2010 through June 30, 2012. SB 745 proposes to make the tax credit moratorium permanent for these seven (7) income tax credits, as well as sunset two income tax deductions and one additional credit.

The following credits would be unavailable under the provisions of SB 745:

- Credit for Energy Assistance Fund Contribution under 68 O.S. § 2357.6
- Commercial Space Credit under 68 O.S. § 2357.13
- Credit for Employers Providing Child Care Programs under 68 O.S. § 2357.26
- Credit for Business Providing Child Care Services under 68 O.S. § 2357.27
- Food Service Establishments Hepatitis A Vaccination under 68 O.S. § 2357.33
- Credit for the Construction of Energy Efficient Homes under 68 O.S. § 2357.46
- Poultry Litter Credit 68 O.S § 2357.100
- Credit for Breeders of Specially Trained Canines under 68 O.S. § 2357.203

All of the credits above, with the exception of the Commercial Space Credit, are currently subject to the tax credit moratorium as enacted per SB 1267 in the 2010 Legislative Session. As a result of these credits permanently expiring, it is anticipated that a positive fiscal impact is expected for part of tax year 2012 and all of tax year 2013. A positive revenue impact is expected when the 2012 income tax returns are filed in 2013.

Table 1 below summarizes the estimated positive impact of each credit.

TABLE 1	
CREDIT	Tax Year 2012²
Credit For Energy Assistance Fund Contribution	\$21,000
Commercial Space Credit	-0-
Credit For Employers Providing Child Care Programs	\$33,000
Credit For Business Providing Child Care Services	\$198,000
Food Service Establishments Hepatitis A Vaccination	\$19,000
Credit For The Construction Of Energy Efficient Homes	\$3,776,000
Poultry Litter Credit	\$173,000
Credit For Breeders Of Specially Trained Canines	\$129,000
TOTAL	\$4,349,000

In addition to the credits being sunsetted, SB 745 also proposes to sunset the deduction allowed for Oklahoma Interest and Dividends and the deduction for Political Contributions. The fiscal impact of sunseting these deductions was estimated using the Oklahoma Individual Income Tax Microsimulation Model. These two (2) deductions are not available for tax year 2012, the fiscal impact is estimated to be a positive \$2,134,000; all occurring in FY13 when the tax returns are filed.

The estimated revenue impact of \$6,483,000 is expected in FY13 as a result of this measure.

² Fiscal impact derived from full year estimate for SB 1267, except for Commercial Space Credit. Source of this estimate is from 2009-2010 Oklahoma Tax Commission Tax Expenditure Report