OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 16, 2013

BILL NUMBER: HB 1919

STATUS AND DATE OF BILL: Conference Committee Substitute 5/14/13

AUTHORS: House Shannon Senate Griffin

TAX TYPE (S): Income Tax **SUBJECT:** Deduction

PROPOSAL: New Law

HB 1919 proposes to enact an income tax deduction ($2,500 for single persons / $5,000 for taxpayers filing a joint return) for expenses incurred to provide care for a foster child, effective for tax year 2014.

EFFECTIVE DATE: January 1, 2014

REVENUE IMPACT:

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

FY 14: -0-
FY 15: Projected decrease in revenue of $618,000.

ADMINISTRATIVE IMPACT:

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

FY 14: No additional cost or savings.

May 16, 2013 — Rick Miller — mck
DATE — DIVISION DIRECTOR

DATE — REECE WOMACK, ECONOMIST

5/16/13 — Dan Cash
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – HB 1919[Conference Committee Substitute]
Prepared May 16, 2013

HB 1919 proposes to enact an income tax deduction ($2,500 for single persons / $5,000 for taxpayers filing a joint return) for a taxpayer who contracts with a child-placing agency, as defined in Section 402 of Title 10 of the Oklahoma Statutes, for expenses incurred to provide care for a foster child, effective for tax year 2014.

There are approximately 3,986 foster homes in Oklahoma[1]. Assuming a tax savings of $150 for a $5,000 deduction[2], the annualized fiscal impact would be $618,000. No change in withholding or estimated tax payments is expected; therefore, the full impact of $618,000 will occur in FY15 when the 2014 returns are filed.

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[1] Telephone conversation with Kevin Haddock of Department of Human Services, 4/1/13

[2] Assuming an average tax rate of 3.1% for a $5,000 maximum deduction results in tax savings of $155. This $155 was reduced to $150 to account for certain households that are not able to file as married filing joint.