

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 19, 2013

BILL NUMBER: HB 1919 STATUS AND DATE OF BILL: Engrossed 3/12/13

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 \$510,000.

ADMINISTRATIVE IMPACT:

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

FY 14: No additional cost or savings.

<u>Mar. 20, 2013</u>	<u>Rick Miller</u>	
DATE	DIVISION DIRECTOR	<u>mck</u>
<u>3-22-2013</u>	<u>Reece Womack</u>	
DATE	REECE WOMACK, ECONOMIST	
<u>3/25/13</u>	<u>Dan Cash</u>	
DATE	FOR THE COMMISSION	

ATTACHMENT TO FISCAL IMPACT – HB 1919[Engrossed] Prepared March 19, 2013

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.

There are approximately 3,400 foster homes in Oklahoma¹. Assuming a tax savings of \$150 for a \$5,000 deduction², the annualized fiscal impact would be \$510,000. No change in withholding or estimated tax payments is expected; therefore, the full impact of \$510,000 will occur in FY15 when the 2014 returns are filed.

¹ February 2012 Newsok article states that Oklahoma has about 3,400 foster homes

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.