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 2308 **STATUS AND DATE OF BILL:** Committee Substitute 5/16/13

AUTHORS: House Martin (Scott) Senate Jolley

TAX TYPE (S): Income Tax **SUBJECT:** Credits, Deductions, and Exclusions

PROPOSAL: Amendatory and Repealer

HB 2308 eliminates numerous income tax credits, deductions and exclusions effective for tax year 2014, and all subsequent tax years.

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 increase of $1,874,000 in income tax collections.

ADMINISTRATIVE IMPACT:

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

FY 14: -0-

May 16, 2013 Rick Miller mck
DATE DIVISION DIRECTOR

DATE REECE WOMACK, ECONOMIST

5/16/13
DATE FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - HB 2308[Committee Substitute] Prepared: May 16, 2013

HB 2038 eliminates the following income tax credits[1] effective for tax year 2014, and all subsequent tax years:

Cite	Credit	Amount
27A O.S. § 2-11-303	Investment in Equipment Used for Recycling, Reuse, or Source Reduction of Hazardous Waste	$0
68 O.S.§ 2357	Water Treatment & Pollution Control Facility	$0
68 O.S § 2357	Credit for Gas Used in Manufacturing	$19,000
68 O.S § 2357.6	Credit for Energy Assistance Fund Contribution	$19,000
68 O.S § 2357.13	Commercial Space Industries Credit	$0
68 O.S § 2357.26	Credit for Employers Providing Child Care Programs	$30,000
68 O.S § 2357.29	Ad Valorem Tax (Tornado)	$9,000
68 O.S § 2357.30	Small Business Guaranty Fee Credit	$42,000
68 O.S § 2357.32	Wind / Photovoltaic Credit	$0
68 O.S § 2357.33	Credit for Hepatitis Vaccination	$14,000
68 O.S § 2357.34-40	Tourism Promotion Credit	$0
68 O.S. § 2357.66	Credit for Qualified Ethanol Facilities	$0
68 O.S. § 2357.67	Credit for Eligible Biodiesel Facility	$0
68 O.S § 2357.81	OK Local Development & Enterprise Zone Incentive Leverage Act Credit	$0
68 O.S § 2357.102	Dry Fire Hydrant Credit	$0
68 O.S § 2357.402	Credit for Manufacturers of Electric Vehicles	$0
68 O.S § 2370.3	Credit for Stafford Loan Origination Fee	$0
68 O.S § 54006	Research & Development New Jobs Credit	$7,000
	Total	$140,000

The following deductions and exclusion are also eliminated effective for tax year 2014:

Historic Landmark Deduction (68 O.S § 2357.24)
Dividend/Interest Income Exclusion (68 O.S. § 2358)
Political Contributions Deduction (68 O.S. § 2358.3)

FISCAL IMPACT:

With the elimination of these credits, deductions, and exclusions effective January 1, 2014, no revenue impact will occur in FY14 since it is anticipated that these items will not result in changes to withholding or estimated tax. The impact for the elimination of the deductions and exclusion was calculated using the Oklahoma Individual Income Tax Micro-Simulation model and is anticipated to result in an increase in income tax collections of $1,734,000. The estimated fiscal impact as a result of the elimination of the credits is an increase in income tax collections of $140,000. The net effect is a projected increase in income tax for tax year 2014 of $1,874,000, which will occur in FY15 when the 2014 returns are filed.

[1] Several of these credits have carryover provisions. This measure does not eliminate the carryover provisions.