

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 15, 2014

BILL NUMBER: SB1152 STATUS AND DATE OF BILL: Introduced 11/22/13

AUTHORS: House n/a Senate Mazzei

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 1152 proposes to amend 68 O.S. § 2357.47 which relates to the Credit for Wages Paid to an Injured Employee and the Credit for Modification Expenses Paid for an Injured Employee. This measure proposes to sunset these credits effective for tax years beginning on or after January 1, 2017.

EFFECTIVE DATE: November 1, 2014

REVENUE IMPACT:

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

FY 18: Projected revenue increase of \$21,000

ADMINISTRATIVE IMPACT:

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

FY 15: No additional costs or savings are expected as a result of this proposed legislation

Jan. 16, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mck

1-21-2014
DATE

Reece Womack
REECE WOMACK, ECONOMIST

4/17/14
DATE

Dan Cas
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 1152 [Introduced] Prepared January 15, 2014

SB 1152 proposes to amend 68 O.S. § 2357.47 which relates to the Credit for Wages Paid to an Injured Employee and the Credit for Modification Expenses Paid for an Injured Employee. This measure proposes to sunset these credits effective for tax years beginning on or after January 1, 2017.

Under current law, a nonrefundable income tax credit is allowed for ten percent (10%) of the amount of eligible wages paid to an injured worker for a period of ninety (90) days, with the maximum credit being Five Thousand Dollars (\$5,000) per employee. The maximum amount of credits any employer can claim is Twenty-five Thousand Dollars (\$25,000) annually. There is also a nonrefundable income tax credit allowed for fifty percent (50%) of the amount expended for eligible modification expenses incurred to modify a workplace for an injured worker, with the maximum credit being One Thousand Dollars (\$1,000) per employee. The maximum amount of credits any employer can claim is Ten Thousand Dollars (\$10,000) annually.

In order to estimate the fiscal impact of this proposal, data from tax years 2008 through 2011 was analyzed. An average of \$21,000 was used to offset Oklahoma income tax annually. It is anticipated, that similar levels of usage of this credit may occur in tax year 2017. As such, the estimated impact for tax year 2017 is an increase in income tax collections of \$21,000. No change to estimated tax or withholding is anticipated so the full impact should occur in FY18 when tax year 2017 income tax returns are filed.