OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 4, 2014

BILL NUMBER: SB 1621 **STATUS AND DATE OF BILL:** Introduced 1/15/14

AUTHORS: House n/a Senate Simpson

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

PROPOSAL: Amendatory

SB 1621 proposes to amend 68 O.S. § 2358.5-1, increasing the income tax deduction for expenses incurred to provide care for a foster child, effective for tax year 2014.

EFFECTIVE DATE: Emergency - Upon Passage and Approval

REVENUE IMPACT:

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

FY 15: Minimal decrease in income tax collections

ADMINISTRATIVE IMPACT:

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

FY 15: No additional cost or savings are anticipated due to this proposed legislation.

Feb. 4, 2014 — Rick Miller — mck
DATE — DIVISION DIRECTOR

2-4-14 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

2/4/2014 — Dan Carr
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1621 [Introduced] Prepared February 4, 2014

SB 1621 proposes to amend 68 O.S. § 2358.5-1, increasing the income tax deduction for expenses incurred to provide care for a foster child, effective for tax year 2014.

Current law provides for 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.

This measure proposes to increase the deduction to $5,000 for all taxpayers, except those filing as married filing separate. The married filing separate taxpayers income tax deduction would remain at $2,500.

It is assumed very few, if any, unmarried foster parents file their income tax return using the single filing status. Unmarried taxpayers, who have a foster child living in their home for more than half the year, qualify to file their income tax return as head of household. As a result, the estimated impact of increasing the maximum deduction to $5,000 for single filers is estimated to be a minimal revenue decrease.