

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 18, 2015

BILL NUMBER: HB 1747 STATUS AND DATE OF BILL: Engrossed Bill 2/24/15

AUTHORS: House Newell, et al Senate Schulz, et al

TAX TYPE (S): Income Tax SUBJECT: Exemption

PROPOSAL: Amendatory

HB 1747 proposes to amend 68 O.S. § 2358 (E) by enacting an income tax exemption for any taxpayer who, prior to establishing residency in Oklahoma, was a resident of any other state or other jurisdiction and who becomes a resident of any county within the state which has been projected to have a decline in its population between January 1, 2016 and December 31, 2075. The exemption is for tax year 2016 and subsequent tax years.

EFFECTIVE DATE: January 1, 2016

REVENUE IMPACT:

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

The anticipated change in state revenue will be a revenue decrease of \$159,000 in FY 16 and an additional \$397,000 in each FY thereafter.

ADMINISTRATIVE IMPACT:

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

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

Mar. 18, 2015
DATE

Rick Miller
DIVISION DIRECTOR

mck

3-19-15
DATE

Reece Womack
REECE WOMACK, ECONOMIST

3/23/15
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - HB 1747 [Engrossed] Prepared March 18, 2015

HB 1747 proposes to amend 68 O.S. § 2358 (E) by enacting an income tax exemption for any taxpayer who, prior to establishing residency in Oklahoma, was a resident of any other state or other jurisdiction and who becomes a resident of any county within the state which has been projected to have a decline in its population between January 1, 2016 and December 31, 2075, based on a publication released by the Oklahoma Department of Commerce entitled, "2012 Demographic State of the State Report - Oklahoma State and County Population Projections through 2075"¹. The exemption is for tax year 2016 and subsequent tax years. The exemption is limited to five (5) years per taxpayer².

Under current law, no exemption from income exists based on a taxpayer's county of residence.

An analysis of 2013 Oklahoma income tax data suggests that granting this income tax exemption would result in a potential revenue decrease of \$397,000. Assuming similar amounts for subsequent years, would result in a potential revenue decrease of \$397,000 each year, beginning with tax year 2016, for the next five (5) years. The full impact of this proposed legislation will be in FY 21 with a projected revenue decrease of \$1,985,000. (See Table 1 below).

Tax Year		FY16	FY17	FY18	FY19	FY20	FY21
2016	\$397,000	\$159,000	\$238,000				
2017	\$794,000		\$318,000	\$476,000			
2018	\$1,191,000			\$476,000	\$715,000		
2019	\$1,588,000				\$635,000	\$953,000	
2020	\$1,985,000					\$794,000	\$1,191,000
2021	\$1,985,000						\$794,000
	Total	\$159,000	\$556,000	\$952,000	\$1,350,000	\$1,747,000	\$1,985,000

¹ According to this publication, there are 25 counties in Oklahoma expected to experience population decline over the next 65 years.

² The statute is silent as to the requirement that the taxpayer qualifying for the exemption remain in the county that has experienced the population decline.