

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** January 29, 2016

**BILL NUMBER:** SB 1052 **STATUS AND DATE OF BILL:** Introduced 1/14/15

**AUTHORS:** House n/a Senate Allen

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

**PROPOSAL:** Amendatory

SB 1052 proposes to amend 68 O.S. § 2357.104, which relates to Credit for Railroad Modernization. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to O.S. 62 § 7004

**EFFECTIVE DATE:** November 1, 2016

**REVENUE IMPACT:**

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

FY 17: -0-

FY 18: -0-

**ADMINISTRATIVE IMPACT:**

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

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

Jan. 29, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

1-29-16  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

1/29/16  
DATE

Dawn Ely  
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1052 [Introduced] Prepared January 29, 2016

SB 1052 proposes to amend 68 O.S. § 2357.104, which relates to Credit for Railroad Modernization. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to O.S. 62 § 7004.

Under current law an income tax credit is allowed for an eligible taxpayer's qualified railroad reconstruction or replacement expenditures. The tax credit is equal to fifty percent (50%) of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures, but is limited to the product of Six Thousand Dollars (\$6,000.00) and the number of miles of railroad track owned or leased within this state by the eligible taxpayer as of the close of the taxable year, provided the taxpayer may only claim one third (1/3) of the credit in any one taxable period. The credit may be carried over for five (5) succeeding taxable years. This credit is transferable.

There is no impact to income tax collections in FY17 or FY18 as a result of this measure. In order to estimate the *potential* fiscal impact of this proposal, data from tax years 2008 through 2013 was analyzed<sup>1</sup>. An average of \$956,000 was used to offset Oklahoma income tax annually. No change to estimated tax or withholding is anticipated so the full impact *could potentially occur* in FY19 when tax year 2018 income tax returns are filed; should the legislature not reauthorize this credit.

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<sup>1</sup> Preliminary Tax Year 2014 data suggests \$402,000 of this credit was used to reduce tax with an additional \$443,000 available to be carried over to future tax years.