

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 1064 **STATUS AND DATE OF BILL:** Introduced 1/14/16

AUTHORS: House n/a Senate Allen

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

PROPOSAL: Amendatory

SB 1064 proposes to amend 68 O.S. § 2357.46 which relates to the Credit for the Construction of Energy Efficient Homes. 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

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1064 [Introduced] Prepared January 28, 2016

SB 1064 proposes to amend 68 O.S. § 2357.46 which relates to the Credit for the Construction of Energy Efficient Homes. 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 the eligible expenses incurred by a contractor in the construction of energy efficient residential property of 2,000 square feet or less located in Oklahoma and which has been certified by a Residential Energy Services Network provider. Eligible expenses include any energy efficient heating or cooling system; insulation material or system designed to reduce the heat gain or loss; exterior windows, including skylights; exterior doors; and Energy Star program metal roofs. In no event may the credit exceed \$4,000 for residential property certified at 40% or more above the 2003 International Energy Conservation Code (IECC), including any supplement, or exceed \$2,000 for residential property certified at between 20% and 39% of the 2003 IECC, including any supplement. The credit may be carried over for four (4) 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. An average of \$4,296,000 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.