

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** January 23, 2015

**BILL NUMBER:** SB 82    **STATUS AND DATE OF BILL:** Introduced 12/29/14

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

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

**PROPOSAL:** Amendatory

SB 82 proposes to amend 68 O.S. § 2357.41, which relates to Credit for Qualified Rehabilitation Expenditures. This measure proposes to sunset this credit effective for tax years beginning on or after January 1, 2019, unless reauthorized by the legislature after reviewing a report required under 74 O.S. § 5017 (14).

**EFFECTIVE DATE:** August 28, 2015<sup>1</sup>

**REVENUE IMPACT:**

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

FY 20: Potential revenue increase of \$6,878,000 (Projected increase of \$447,000 in income tax collections and increase in insurance premium tax collections of \$6,431,000)

**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 are anticipated due to this proposed legislation.

Jan. 26, 2015  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

1-26-15  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2/2/15  
DATE

Dan Cas  
FOR THE COMMISSION

<sup>1</sup> This assumes the legislature adjourns sine die on May 29, 2015 since this measure has no effective date.

**ATTACHMENT TO FISCAL IMPACT - SB 82[Introduced] Prepared January 23, 2015**

SB 82 proposes to amend 68 O.S. § 2357.41, which relates to Credit for Qualified Rehabilitation Expenditures. This measure proposes to sunset this credit effective for tax years beginning on or after January 1, 2019, unless reauthorized by the legislature after reviewing a report required under 74 O.S. § 5017 (14)<sup>2</sup>.

Under current law, qualified rehabilitation expenditures incurred in connection with a certified historic structure are eligible for a nonrefundable, transferable income tax credit or credit against the insurance premium tax.

In order to estimate the *potential* fiscal impact of this proposal, income data from tax years 2008 through 2012 was analyzed. An average of \$447,000 was used to offset Oklahoma income tax annually. Further, for FY10 through FY13 an average of \$6,431,000 of this credit was claimed against the insurance premium tax<sup>3</sup>. No change to estimated tax payments or withholding is anticipated so the full income tax impact (\$447,000) *could potentially occur* in FY20 when tax year 2019 income tax returns are filed and it is anticipated that an increase in insurance premium tax collections (\$6,431,000) will occur as well – should the legislature not reauthorize this credit.

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<sup>2</sup> The report required under 74 O.S. § 5017 (14) is proposed in SB 72 introduced in the 2015 Legislative session. This measure (SB 82) cannot become effective as law unless SB 72 becomes effective as law.

<sup>3</sup> Provided by the Oklahoma Insurance Commission 1/6/14