

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 85 **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 85 proposes to amend 68 O.S. § 2357.104, which relates to the Credit for Railroad Modernization. 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, 2015¹

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 \$960,000.

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

2/1/15
DATE

Dan Case
FOR THE COMMISSION

¹ This assumes the legislature adjourns Sine die on May 29, 2015 since this measure has no effective date.

ATTACHMENT TO FISCAL IMPACT - SB 85 [Introduced] Prepared January 23, 2015

SB 85 proposes to amend 68 O.S. § 2357.104, which relates to the Credit for Railroad Modernization. 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)².

Under current law, qualified railroad reconstruction or replacement expenditures are eligible for a nonrefundable income tax credit by any Class II or Class III railroad.

In order to estimate the *potential* fiscal impact of this proposal, income tax data from tax years 2008 through 2012 was analyzed. An average of \$960,000 of Credits for Railroad Modernization were used to offset Oklahoma income tax annually. No change to estimated tax payments or withholding is anticipated so the full impact *could potentially occur* in FY20 when tax year 2019 income tax returns are filed— should the legislature not reauthorize this credit.

² The report required under 74 O.S. § 5017 (14) is proposed in SB 72 introduced in the 2015 Legislative session. This measure (SB 85) cannot become effective as law unless SB 72 becomes effective as law.