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 917 **STATUS AND DATE OF BILL:** Introduced 12/17/15

AUTHORS: House n/a Senate Mazzei & Quinn

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

PROPOSAL: Amendatory

SB 917 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma Earned Income Credit. 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 — Rick Miller — mck
DATE — DIVISION DIRECTOR

1-29-16 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

1/29/16 — Dan Cash
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 917 [Introduced] Prepared January 29, 2016

SB 917 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma Earned Income Credit. 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 the Oklahoma Earned Income Credit is equal to 5% of the earned income credit allowed on a taxpayer's federal income tax return. This is a refundable tax credit with no carryover provisions.

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, preliminary data for tax year 2014 was analyzed. Based upon the preliminary data a total of $41.02 million was used to either offset Oklahoma income tax or claimed as a refundable credit for tax year 2014. 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.