

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB 1369
Version:	INT
Request Number:	6672
Author:	Rep. Dank
Date:	2/11/2013
Impact:	Potential Auditing Costs Cost Expected to Vary

Research Analysis

HB 1369, as introduced, defines the term “tax credit” and specifies that any tax credit measure must allow for a member of the public to identify the person or entity claiming the credit. The measure provides that any tax credit must create or maintain jobs in Oklahoma. Additionally, the measure limits the amount of tax credits an entity may claim in a fiscal year and requires any credit passed by the Legislature to contain a termination date.

Economic activities that qualify for a tax credit must receive prior approval of project costs by a governmental entity designated by law enacted by the legislature. Furthermore, the measure stipulates that tax credit transactions that may result in a reduction of state revenue must be audited by the State Auditor and Inspector. Finally, the measure requires a detailed fiscal impact statement to be prepared for all tax credit related measures and prohibits tax credit related measures from being considered during the last five days of a legislative session.

Prepared By: Scott C. Tohlen

Fiscal Analysis

The measure provides a set of criteria for the establishment of tax credits by the Legislature. The establishment of criteria will provide a framework for tax credits, however no assumed impact on state revenue can be reasonably estimated. The criterion related to the requirement that transactions for which a tax credit has been authorized which results in as reduction or potential reduction of state revenue must be audited by the State Auditor and Inspector will likely result in audit costs. Officials with the Auditor and Inspector believe audit costs will vary depending on the entities for which an audit is required. The measure does not indicate whether the Audit or or the audited party will assume the cost of any audit.

Prepared By: Mark Tygret

Other Considerations

Establishment of criteria in the enactment of tax credits will assist the Legislature in the development of credits designed to advance the economic interests of the state.

