

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB 2032
Version:	SAHB
Request Number:	NA
Author:	Mr. Speaker
Date:	5/1/2013
Impact:	Tax Commission:
	FY-15 Projected Decrease: \$54,436,000
	FY-16 Projected Decrease: \$176,547,000*

FY-14 and FY-15
Apportionment from Income Tax to
Capitol Building Fund: \$60,000,000
Reduction to Other Funds: \$60,000,000

Research Analysis

Senate amendments (SA) to HB2032 lower the top marginal individual income tax rate from 5.25% to 5% for tax year 2015 and allows for further reduction to 4.85% beginning tax year 2016 contingent upon certain revenue growth. SA's also creates the Oklahoma State Capitol Building Repair and Restoration Fund and appropriates \$60,000,000 to the fund in FY2014 and FY2015, totaling \$120,000,000.

Originally, Engrossed HB2032 proposed to lower the top marginal individual income tax rate from 5.25% to 5% beginning January 1, 2014.

Prepared By: Quyen Do

Fiscal Analysis

The income tax rate reduction are estimated by the Tax Commission to result in the direct decrease in revenue (based on current assumptions of the taxable base) of:

<u>FY EFFECT INCOME TAX TOP RATE CHANGE (top rate 5.0% in 2015 & 4.85% thereafter)</u>				
	Top Rate	Fiscal Impact		
Tax year 2015	5.00%	\$ (136,089,000)		
Tax year 2016	4.85%	\$ (237,236,000)		
Tax year 2017	4.85%	\$ (252,650,000)		
FY CONVERSION			FY15	FY16
Tax Year 2015	\$ (136,089,000)		\$ (54,436,000)	\$ (81,653,000)
Tax Year 2016	\$ (237,236,000)			\$ (94,894,000)
Tax Year 2017	\$ (252,650,000)			\$ (101,060,000)
FY TOTAL			\$ (54,436,000)	\$ (176,547,000)
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

In addition, the measure modifies the apportionment of the individual income tax for fiscal years 2014 and 2015 in a manner that \$60,000,000 each fiscal year will be deposited into the newly created State Capitol Building Repair and Restoration Fund.

Prepared By: Mark Tygret

Other Considerations

* Assumes revenue estimates are sufficient to invoke the additional drop in the top marginal rate to 4.85 percent.