BILL SUMMARY

2nd Session of the 54th Legislature

Bill No.:	**HB 2508**
Version:	**FA1**
Request Number:	**10496**
Author:	**Rep. Derby**
Date:	**3/4/2014**
Impact:	**Tax Commission:**
	Revenue Decrease: $26.6 Million (FY-16)
	Revenue Decrease of $53.2 Million (FY-17)

Research Analysis

Not required.

Prepared By: Marcia Goff

Fiscal Analysis

Corporate income tax historically has large swings in annual collections. FY01 through FY13 collections were examined and the amount of revenue apportioned ranged from a low of $106.99 million to a high of $585.15 million. To develop this fiscal impact, the average amount of corporate income tax apportioned was calculated, beginning with FY01 and including the FY14 and FY15 estimates.[2] The average amount of corporate income tax apportioned over the past 13 fiscal years, and including the FY14 and FY15 estimates[3] was calculated to be $319.3 million.

Tax year 2011 corporate income tax return data was analyzed and an estimate was made of what the tax collections for tax year 2011 would have been if the proposed rate structure was in place. The estimate was a decrease of 16.67% in corporate income tax collections. Applying this 16.67% decrease to the average amount of corporate income tax apportioned over the past several years, yields a $53.227 million decrease in revenue for FY16. With this proposal ***potentially*** effective for tax year 2016, it is estimated that one-half of the impact ($26.614 million) will occur in FY16. The full impact of $53.227 million would occur in FY17.

[2] Using the average FY collections from several fiscal years was used to eliminate the volatility associated with corporate income tax collections.
[3] Oklahoma Tax Commission Revenue Re-Estimate for FY14 and Forecast for FY15 (February 13, 2014)

Prepared By: Mark Tygret

Other Considerations

None.