

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	SB 323
Version:	ENGR
Request Number:	NA
Author:	Rep. Sears
Date:	4/1/2013
Impact:	Tax Commission:
	FY-14 Minimal Revenue Increase
	FY-15+: \$172.5 Million
	Revenue Increase

Research Analysis

Engrossed SB 323 eliminates the tax credits listed below, effective tax year 2016.

1. Investment in equipment used for recycling, reuse, or source reduction of hazardous waste
2. Credit for taxes paid to another state
3. Child care/child tax credit
4. Credit for gas used in manufacturing
5. Oklahoma investment/new jobs credit
6. Credit for energy assistance fund contribution
7. Coal credit
8. Historic landmark deduction
9. Credit for employers providing child care programs
10. Credit for entities in the business of providing child care services
11. Small business guaranty fee credit
12. Credit for electricity generated by zero-emission facilities
13. Credit for hepatitis vaccination
14. Credit for qualified rehabilitation expenditures
15. Oklahoma earned income tax credit
16. Credit for biomedical research contribution/cancer center contribution
17. Credit for the construction of energy efficient homes
18. Credit for wages paid to an injured employed
19. Credit for modification expenses paid for an injured employee
20. OK local development and enterprise zone incentive leverage act credit
21. Film or music project credit
22. Dry fire hydrant credit
23. Credit for railroad modernization
24. Credit for breeders of specially trained canines
25. Credit for donations to scholarship granting organizations
26. Wire transfer fee credit
27. Credit for manufacturers of electric vehicles
28. Volunteer firefighter credit
29. Credit for financial institutions making loans under rural economic development loan act
30. Credit for staffed loan origination fee
31. Low income property tax relief
32. Sales tax relief credit
33. Research and development new jobs credit

Fiscal Analysis**ATTACHMENT TO FISCAL IMPACT - SB 323 [Engrossed] Prepared: March 1, 2013**SB 323 eliminates the following income tax credits¹ effective for tax year 2016, and all subsequent tax years:

Cite	Credit	Amount ²
27A O.S. § 2-11-303	Investment in Equipment Used for Recycling, Reuse, or Source Reduction of Hazardous Waste	\$0
68 O.S. § 2357	Credit for Taxes Paid to another State	\$31,845,000
68 O.S. § 2357	Child Care/Child Tax Credit	\$27,497,000
68 O.S. § 2357	Credit for Gas Used in Manufacturing	\$19,000
68 O.S. § 2357.4	Oklahoma Investment/New Jobs Credit	\$22,679,000
68 O.S. § 2357.6	Credit for Energy Assistance Fund Contribution	\$19,000
68 O.S. § 2357.11	Coal Credit ³	\$0
68 O.S. § 2357.24	Historic Landmark Deduction	\$0
68 O.S. § 2357.26	Credit for Employers Providing Child Care Programs	\$7,000
68 O.S. § 2357.27	Credit for Entities in the Business of Providing Child Care Services	\$69,000
68 O.S. § 2357.30	Small Business Guaranty Fee Credit	\$42,000
68 O.S. § 2357.32A	Credit for Electricity Generated by Zero-Emission Facilities ⁴	\$0
68 O.S. § 2357.33	Credit for Hepatitis Vaccination	\$1,000
68 O.S. § 2357.41	Credit for Qualified Rehabilitation Expenditures	\$631,000
68 O.S. § 2357.43	Oklahoma Earned Income Tax Credit	38,804,000
68 O.S. § 2357.45	Credit for Biomedical Research Contribution / Cancer Center Contribution	\$514,000
68 O.S. § 2357.46	Credit for the Construction of Energy Efficient Homes	\$3,856,000
68 O.S. § 2357.47	Credit for Wages Paid to an Injured Employee	\$42,000
68 O.S. § 2357.47	Credit for Modification Expenses Paid for an Injured Employee	\$1,000
68 O.S. § 2357.81	OK Local Development & Enterprise Zone Incentive Leverage Act Credit	\$0
68 O.S. § 2357.101	Film or Music Project Credit	\$11,000
68 O.S. § 2357.102	Dry Fire Hydrant Credit	\$2,000
68 O.S. § 2357.104	Credit for Railroad Modernization	\$2,621,000
68 O.S. § 2357.203	Credit for Breeders of Specially Trained Canines	\$13,000
68 O.S. § 2357.206	Credit for donations to Scholarship Granting Organizations	\$0
68 O.S. § 2357.401	Wire Transfer Fee Credit	\$354,000
68 O.S. § 2357.402	Credit for Manufacturers of Electric Vehicles	\$0
68 O.S. § 2358.7	Volunteer Firefighter Credit	\$592,000
68 O.S. § 2370	Credit for Financial Institutions Making Loans under Rural Economic Development Loan Act	\$0
68 O.S. § 2370.3	Credit for Stafford Loan Origination Fee	\$0
68 O.S. § 2905	Low Income Property Tax Relief	\$197,000
68 O.S. § 5011	Sales Tax Relief Credit	\$42,696,000
68 O.S. § 54006	Research & Development New Jobs Credit	\$7,000
	Total	\$172,519,000

¹ Several of these credits have carryover provisions. This measure does not eliminate the carryover provisions.

² 2011-2012 Tax Expenditure Report, *Oklahoma Tax Commission*;
<http://www.tax.ok.gov/reports/Tax%20Expenditure%20Report%202011-2012.pdf>

³ Coal Credit sunsets December 31, 2014; therefore, no additional impact as a result of eliminating this credit.

⁴ To qualify for the Credit for Electricity Generated by Zero-Emission Facilities, facilities must be placed in operation before January 1, 2016. Credits may then be claimed with respect to electricity generated during a ten-year period following the date that the facility is placed in operation. No additional impact as a result of eliminating this credit.

FISCAL IMPACT:

With the sunset of these credits on December 31, 2015, no revenue impact will occur in FY14 or FY15. The estimated fiscal impact for tax year 2016 is an increase in income tax collections of \$172,519,000. It is expected that a minimal increase may occur for FY16 due to changes in withholding and estimated tax payments by a few taxpayers in tax year 2016, but the full impact of a \$172,519,000 increase in income tax collections is expected in FY17.

Prepared By: Mark Tygret

Other Considerations

None.