

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 16, 2014

BILL NUMBER: SB1246 STATUS AND DATE OF BILL: Introduced 1/6/14

AUTHORS: House n/a Senate Loveless

TAX TYPE (S): Income Tax SUBJECT: Tax Rate

PROPOSAL: Amendatory, Repealer and New Law

SB 1246 proposes to:

Maintain the top marginal individual income tax rate of 5.25% through 2014 and reduce the top marginal individual income tax rate to 5.0% for tax year 2015. The top marginal individual income tax rate may be further reduced to 4.85% for tax years 2016 and subsequent tax years, contingent upon certain revenue growth as proposed.

Enact a new law, 68 O.S. § 2355.1F, which provides a trigger mechanism to reduce the top marginal individual income tax rate to 4.85% beginning with tax year 2016.

EFFECTIVE DATE: Emergency - Upon Passage and Approval

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: Projected revenue decrease of \$52,901,000

FY 16: Projected revenue decrease of \$171,991,000

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: No additional cost or savings are anticipated due to this proposed legislation.

Jan. 16, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mck

1-21-2014
DATE

Reece Woman
REECE WOMACK, ECONOMIST

1/17/14
DATE

Dan Cash
FOR THE COMMISSION

The table below shows the estimated effect of the top rate decreasing to 5.0% for tax year 2015 and 4.85% for tax year 2016 and all subsequent tax years. This assumes the State Board of Equalization will make a finding at their February 2015 meeting authorizing a top marginal income tax rate of 4.85% for tax year 2016.

<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%	\$ (132,252,000)	
Tax year 2016		4.85%	\$ (231,599,000)	
Tax year 2017		4.85%	\$ (249,166,000)	
FY CONVERSION			FY15	FY16
Tax Year 2015	\$ (132,252,000)		\$ (52,901,000)	\$ (79,351,000)
Tax Year 2016	\$ (231,599,000)			\$ (92,640,000)
Tax Year 2017	\$ (249,166,000)			\$ (99,666,000)
FY TOTAL			\$ (52,901,000)	\$ (171,991,000)
				\$ (238,625,000)
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				