

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 11, 2013

BILL NUMBER: SB 323 STATUS AND DATE OF BILL: Introduced 1/14/13

AUTHORS: House n/a Senate Mazzei

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 323 eliminates numerous income tax credits, effective for tax year 2016, and all subsequent tax years.

This revenue impact does not account for any expected changes to insurance premium tax collections.

EFFECTIVE DATE: November 1, 2013

REVENUE IMPACT:

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

FY 16: Minimal increase in income tax collections.

FY 17: Projected increase of \$172,519,000 in income tax collections.

ADMINISTRATIVE IMPACT:

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

FY 14: -0-

Feb. 11, 2013
DATE

Rick Miller
DIVISION DIRECTOR

mck

DATE

REECE WOMACK, ECONOMIST

2/11/13
DATE

Dawn Elphinstone Cash
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 323 [Introduced] Prepared: February 7, 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.