

# OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 8, 2015

BILL NUMBER: HB 1747

STATUS AND DATE OF BILL: Conference Committee Substitute 5/4/15

AUTHORS: House Newell, et al Senate Schulz, et al

TAX TYPE (S): Income Tax SUBJECT: Exemption

PROPOSAL: Amendatory

HB 1747 proposes to amend 68 O.S. § 2358 (E) by enacting an income tax exemption for any taxpayer who, prior to establishing residency in Oklahoma, was a resident of any other state or other jurisdiction and who becomes a resident of any county within the state which has been projected to have either a decline in its population, or population growth not to exceed five-tenths of one percent (0.5%) between January 1, 2016 and December 31, 2075, based on a publication released by the Oklahoma Department of Commerce entitled, "2012 Demographic State of the State Report - Oklahoma State and County Population Projections through 2075". The exemption is for tax year 2016 and subsequent tax years.

EFFECTIVE DATE: January 1, 2016

### REVENUE IMPACT:

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

The anticipated change in state revenue will be a revenue decrease of \$465,000 in FY 16 and an additional \$1.162 million in each FY thereafter.

### ADMINISTRATIVE IMPACT:

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

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

May 11, 2015  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

5-12-15  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

5/12/15  
DATE

Don Cook  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT - HB 1747 [CCS] Prepared May 8, 2015**

HB 1747 proposes to amend 68 O.S. § 2358 (E) by enacting an income tax exemption for any taxpayer who, prior to establishing residency in Oklahoma, was a resident of any other state or other jurisdiction and who becomes a resident of any county within the state which has been projected to have either a decline in its population, or population growth not to exceed five-tenths of one percent (0.5%) between January 1, 2016 and December 31, 2075, based on a publication released by the Oklahoma Department of Commerce entitled, "2012 Demographic State of the State Report - Oklahoma State and County Population Projections through 2075"<sup>1</sup>. The exemption is for tax year 2016 and subsequent tax years. The exemption is limited to residents who have timely filed a homestead exemption during that same year pursuant to the provisions of 68 O.S. § 2889 and is limited to five (5) years per taxpayer. Under current law, no exemption from income exists based on a taxpayer's county of residence.

An analysis of 2013 Oklahoma income tax data suggests that granting this income tax exemption would result in a potential revenue decrease of \$1.162 million. Assuming similar amounts for subsequent years would result in a potential revenue decrease of \$1.162 million each year, beginning with tax year 2016, for the next five (5) years. The full impact of this proposed legislation will be in FY 21 with a projected revenue decrease of \$5.81 million. (See Table 1 below).

Table 1 – Estimated FY Effects							
Tax Year		FY16	FY17	FY18	FY19	FY20	FY21
2016	\$1,162,000	\$465,000	\$697,000				
2017	\$2,324,000		\$930,000	\$1,394,000			
2018	\$3,486,000			\$1,394,000	\$2,092,000		
2019	\$4,648,000				\$1,859,000	\$2,789,000	
2020	\$5,810,000					\$2,324,000	\$3,486,000
2021	\$5,810,000						\$2,324,000
	Total	\$465,000	\$1,627,000	\$2,788,000	\$3,951,000	\$5,113,000	\$5,810,000

<sup>1</sup> According to this publication, there are 25 counties in Oklahoma expected to experience population decline over the next 65 years. An additional 23 counties are projected to have population growth of less than 0.5%

# Oklahoma Counties

