

**BILL SUMMARY**  
1<sup>st</sup> Extraordinary Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB1031X</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>50232</b>
<b>Author:</b>	<b>Rep. Wallace</b>
<b>Date:</b>	<b>10/31/2017</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Revenue Increase</b>
	<b>FY-18: \$51,051,000</b>
	<b>FY-19: \$100,525,000</b>

**Research Analysis**

Proposed committee substitute 1 for HB1031X ends the ability for taxpayers to carryback net operating losses (NOLs) to compute state taxable income effective tax year 2017.

Under current law, Oklahoma follows the federal allowances for NOL carryback and carryover periods, meaning that losses may either be carried forward or carried back at the option of the taxpayer. This bill only affects carryback periods. Under Section 172 of the Internal Revenue Code, taxpayers computing state taxable income are allowed to carryback a NOL each of the 2 taxable years preceding the tax year of the loss.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission indicates the revenue increases from modifying the gross production tax rate on wells currently subject to a four percent (4%) tax rate to a seven percent (7%) tax rate would result in increases of \$51,051,000 and \$100,525,000 in FY-18 and FY-19, respectively. According to the Commission, the increased revenue is to be apportioned to the General Revenue Fund.

Prepared By: Mark Tygret

**Other Considerations**

None.