

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB1034XX</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>50346</b>
<b>Author:</b>	<b>Rep. Wallace/ Sed. David</b>
<b>Date:</b>	<b>2/8/2018</b>
<b>Impact:</b>	<b>Limits State General Revenue Exposure to Credit Utilization in Future Years</b>

**Research Analysis**

HB1034XX, as introduced, established an annual cap equal to \$5 million for coal tax credits effective tax year 2018. The measure directs the Oklahoma Tax Commission to use a percentage adjustment formula to determine a percentage by which the credits authorized are to be reduced to satisfy the \$5 million annual cap. In the event that the total tax credits authorized exceed the annual cap, the commission will permit any excess, but must factor the excess into the percentage adjustment formula for subsequent years. Any credit that is unused because of the cap may be carried over until the credit can be fully used.

Prepared By: Quyen Do

**Fiscal Analysis**

HB 1034XX places a statewide cap of \$5 Million annual cap on the utilization of Coal Credits. The Tax Commission estimates that approximately \$1.8 Million in such credits were processed during calendar year 2016. Due to recent credit claim levels, the Tax Commission does not anticipate HB 1034XX having an impact in FY-18 or FY-19. The presence of the \$5 Million cap will insulate state general revenue in future years from volatile conditions related to sudden inflation in credit utilization, as well as, limiting the gradual growth of credit utilization

Prepared By: John McPhetridge

**Other Considerations**

None.