

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND EXTRAORDINARY SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 6, 2018

**BILL NUMBER:** HB 1034xx      **STATUS AND DATE OF BILL:** Introduced 2/5/18

**AUTHORS:** House Wallace & Casey      Senate David & Fields

**TAX TYPE (S):** Income Tax      **SUBJECT:** Credit

**PROPOSAL:** Amendatory

HB 1034 proposes to amend 68 O.S. §2357.11 relating to the Coal Credit by placing a state wide cap of \$5 million on the credit beginning with tax year 2018.

**EFFECTIVE DATE:** January 1, 2018

### REVENUE IMPACT:

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

FY 18: -0-

FY 19: -0-

### ADMINISTRATIVE IMPACT:

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

FY 19: None

Feb. 7, 2018  
DATE

*Rick Miller*  
DIVISION DIRECTOR

mck

2-7-18  
DATE

*Reece Womack*  
REECE WOMACK, ECONOMIST

2-7-18  
DATE

*Jan M. L.*  
FOR THE COMMISSION

## **ATTACHMENT TO FISCAL IMPACT - HB 1034 [Introduced] Prepared February 6, 2018**

HB 1034 proposes to amend 68 O.S. §2357.11 relating to the Coal Credit by placing a state wide cap of \$5 million on the credit beginning with tax year 2018.

Under current law, 68 O.S. § 2357.11 (B) provides an income tax credit for the purchase of Oklahoma-mined coal to businesses providing water, heat, light or power from coal to the citizens of Oklahoma, or to those businesses which burn coal to generate heat, light or power for use in manufacturing operations in Oklahoma. An additional credit is allowed for Oklahoma-mined coal purchased. 68 O.S. § 2357.11 (D) provides a coal credit to businesses primarily engaged in mining, producing or extracting coal in this state. A valid permit issued by the Oklahoma Department of Mines must be held. The credit provided in this paragraph will not be allowed for coal mined, produced or extracted in any month in which the average price of coal is \$68 or more per ton, excluding freight charges. Credits earned prior to January 1, 2014, are transferable and may be claimed up to five (5) years. For credits earned on or after January 1, 2014, any credit earned but not used shall be refunded at an amount equal to eighty-five percent (85%) of the amount of the credit. Effective January 1, 2016 the total credit is further reduced to seventy-five percent 75% of the amount allowed.

Preliminary calendar year 2016 data for this credit shows \$1.8 million was either refunded or used to offset tax. An analysis of the preliminary 2016 credits shows that all \$1.8 million of the tax expenditure was processed prior to July 1, 2017. Assuming similar tax credit amounts and filing date patterns for tax year 2018, the \$5 million cap will not affect FY19 or FY20.