

# 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 1036xx      **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 1036 proposes to amend 68 O.S. § 2357.104, which relates to the Credit for Railroad Modernization by placing a state wide cap of \$2 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

For the Commission  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT - HB 1036 [Introduced] Prepared February 6, 2018**

HB 1036 proposes to amend 68 O.S. § 2357.104, which relates to the Credit for Railroad Modernization by placing a state wide cap of \$2 million on the credit beginning with tax year 2018.

Under current law an income tax credit is allowed for an eligible taxpayer's qualified railroad reconstruction or replacement expenditures. The tax credit is equal to fifty percent (50%) of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures, but is limited to the product of Six Thousand Dollars (\$6,000.00) and the number of miles of railroad track owned or leased within this state by the eligible taxpayer as of the close of the taxable year, provided the taxpayer may only claim one third (1/3) of the credit in any one taxable period. The credit may be carried over for five (5) succeeding taxable years. This credit is transferable. Effective January 1, 2016 the total credit is further reduced by twenty five percent (25%) of the amount allowed.

Preliminary calendar year 2016 data for this credit shows \$447,000 was used to offset tax. An analysis of the preliminary 2016 credits shows that all \$447,000 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 \$2 million cap will not affect FY19 or FY20.