

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: September 22, 2017

SUBJECT: Req. No 37X

TO: Rick Miller, Director

FROM: Michael C. Kaufmann, Tax Policy Analyst

This bill draft proposes to amend 68 O.S. § 2357.11 by eliminating the refundable aspect of unused coal credits for tax years beginning on or after January 1, 2018.

Under current law, an income tax credit is allowed 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. Also, a credit is available to businesses primarily engaged in mining, producing or extracting coal in this state. 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 is refunded at an amount equal to eighty-five percent (85%) of the amount of the credit. Effective January 1, 2016, this credit is limited to seventy-five percent (75%) of the amount allowed under current law.

The estimated fiscal impact is no change to income tax collections for FY18 and for FY19 an estimated increase in income tax collections of \$4.3 million