

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 16, 2018

BILL NUMBER: SB 1451 **STATUS AND DATE OF BILL:** Introduced 1/18/18

AUTHORS: House n/a Senate Dahm

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

PROPOSAL: Amendatory

SB 1451 proposes to amend the credit for Qualified Railroad Reconstruction or Replacement Expenditures (68 O.S. §2357.104) by eliminating the transferability for tax credits generated on or after January 1, 2019, and sunseting the credit beginning with tax year 2022.

EFFECTIVE DATE: November 1, 2018

REVENUE IMPACT:

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

FY 19: -0-

FY 20: -0-

ADMINISTRATIVE IMPACT:

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

FY 19: None

Feb. 16, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-17-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2-17-18
DATE

Jim Whit
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 1451[Introduced] Prepared February 16, 2018

SB 1451 proposes to amend the credit for Qualified Railroad Reconstruction or Replacement Expenditures (68 O.S. §2357.104) by eliminating the transferability for tax credits generated on or after January 1, 2019, and sunseting the credit beginning with tax year 2022.

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 is reduced by twenty-five percent (25%) for tax years beginning on or after January 1, 2016. The credit may be carried over for five (5) succeeding taxable years. This credit is transferable.

This measure proposes to eliminate the transferability for income tax credits generated on or after January 1, 2019, and to allow the credit to be generated through tax year 2021; but not thereafter.

Based upon the amount of carryover credit there is no short term fiscal impact of this proposal. The first tax year that the credit is no longer allowed to be generated is 2022 and an unknown positive impact should occur in FY23.¹

¹ For tax year 2015, Tax Commission data indicates \$1,987,693 in credits was claimed and \$151,727 credits was used to offset Oklahoma income tax.