

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 23, 2017

BILL NUMBER: SB 171 **STATUS AND DATE OF BILL:** Introduced 1/17/17

AUTHORS: House n/a Senate Newberry

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

PROPOSAL: Amendatory

SB 171 amends 74 O.S. §§ 5085.4, 5085.7, 5085.8, 5085.9 and 5085.15 which relates to the Oklahoma Capital Formation Act.

EFFECTIVE DATE: November 1, 2017

REVENUE IMPACT:

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

FY 18: Unknown decrease in income tax collections

FY 19: Unknown decrease in income tax collections

ADMINISTRATIVE IMPACT:

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

FY 18: None

<u>Feb. 23, 2017</u>	<u>Rick Miller</u>	jpg
DATE	DIVISION DIRECTOR	
<u>2-24-17</u>	<u>Reece Woman</u>	
DATE	REECE WOMACK, ECONOMIST	
<u>2/24/17</u>	<u>Don Car</u>	
DATE	FOR THE COMMISSION	

ATTACHMENT TO FISCAL IMPACT – SB 171 [Introduced] Prepared February 23, 2017

SB 171 amends 74 O.S. §§ 5085.4, 5085.7, 5085.8, 5085.9 and 5085.15 which relates to the Oklahoma Capital Formation Act.

Under current law, the Oklahoma Capital Investment Board (OCIB) is authorized to issue up to \$100 million in transferable tax credits; however, no more than \$20 million of tax credits may be transferred by OCIB in any one fiscal year, with the credits not being exercisable after July 1, 2020 (after July 1, 2020 if the tax credits were purchased or agreed to be purchased pursuant to an agreement originally entered into no later than December 31, 1995).

This measure proposes to continue to authorize the OCIB to issue up to \$100 million in transferable tax credits prior to November 1, 2017 with no more than \$20 million of tax credits transferred in any one fiscal year; and no more than \$60 million in transferable tax credits can be issued by OCIB on or after November 1, 2017, with no more than \$12 million of tax credits transferred in any one fiscal year. Further, on the effective date of this act, \$9.085 million of such credits shall be returned to the state¹. This measure also provides that tax credits may be exercised generally through July 1, 2035. OCIB has not transferred any tax credits since 2012².

This measure also modifies other provisions related to the Oklahoma Capital Formation Act which are not Tax Commission related.

Revenue Impact

There is unknown decrease in income tax collections associated with the provisions of this measure.

¹ Based on the latest available annual report from the Oklahoma Capital Investment Board (OCIB), total assets as of 6/30/15 of OCIB were reported to be \$ 79,757,938. This consisted of \$69,085,000 in tax credits; \$10,661,622 of investment interests; and \$11,316 in cash. Investment interests represent investments made by Oklahoma Capital Formation Company LLC (OCFC) in limited partnerships, limited liability companies, and other types of entities. In fiscal year 2006, OCIB purchased 100% of the ownership of the Oklahoma Capital Formation Company LLC (OCFC), a formerly blended entity.

² Annual Report from the Oklahoma Capital Investment Board (OCIB) for the year ending June 30, 2015 - issued April 25, 2016.