

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 2784
Version:	INT
Request Number:	9601
Author:	Rep. Walke
Date:	2/4/2020
Impact:	Tax Commission:
	Revenue Decrease
	FY-22: \$26,908,000

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

From the Tax Commission:

HB 2784 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma earned income tax credit. This measure proposes to reinstate the refundable aspect of the credit beginning with tax year 2021¹.

Under current law, the Oklahoma earned income tax credit is equal to 5% of the federal earned income credit allowed on a taxpayer's federal income tax return. This is a non-refundable tax credit with no carryover provisions².

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The estimated decrease in income tax revenue for tax year 2021 is \$26,908,000. No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$26,908,000 in income tax collections is expected in FY22 when the 2021 returns are filed.

¹ Although the effective tax year is not specified in the proposed language, the effective date of this bill is January 1, 2021. Therefore, it is presumed the Oklahoma earned income tax credit is refundable beginning in tax year 2021.

² SB 1604 was enacted during the 2016 Legislative session which eliminated the refundable aspect of the Oklahoma earned income tax credit beginning with tax year 2016.

Prepared By: Mark Tygret

Other Considerations

None.