

**Bill Summary**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Request No.:**  
**Author:**  
**Date:**

**SB 395**  
**INT**  
**662**  
**Sen. Dahm**  
**01/17/2019**

**Bill Analysis**

SB 395 eliminates the income tax on corporations after December 31, 2019.

Prepared by: Kalen Taylor

**OKLAHOMA TAX COMMISSION**

**REVENUE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** February 22, 2019

**BILL NUMBER:** SB 395 **STATUS AND DATE OF BILL:** Introduced 1/16/19

**AUTHORS:** House n/a Senate Dahm

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

**PROPOSAL:** Amendatory

SB 395 proposes to amend 68 O.S. § 2355 (E), eliminating corporate income tax effective for tax year 2020.

**EFFECTIVE DATE:** November 1, 2019

**REVENUE IMPACT:**

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

FY 20: Projected decrease in income tax revenue of \$124.4 million.

FY 21: Projected decrease in income tax revenue of \$248.8 million.

Feb. 22, 2019 Rick Miller mck  
DATE DIVISION DIRECTOR

2-22-2019 Huan Gong  
DATE HUAN GONG, ECONOMIST

2-25-19 Jon M. T.  
DATE FOR THE COMMISSION

*The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

**ATTACHMENT TO REVENUE IMPACT - SB 395[Introduced] Prepared: February 22, 2019**

SB 395 proposes to amend 68 O.S. § 2355 (E), eliminating corporate income tax effective for tax year 2020.<sup>1</sup>

The current corporate income tax rate is 6%. In order to estimate the fiscal impact of this proposal, the Oklahoma Tax Commission revenue forecast for corporate income tax collections for FY20 was analyzed. In that forecast, \$248.8 million in corporate income tax revenue is expected to be collected in FY20<sup>2</sup>. Under this proposal, it is estimated that tax year 2020 income tax collections would decrease by \$248.8 million. In order to convert tax year 2020 to fiscal years, it is assumed that 50% of the decrease - \$124.4 million - will occur in FY20, due to changes in estimated tax payments, and the full impact of a \$248.8 million decrease in income tax revenue will occur in FY21.

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<sup>1</sup> Obsolete language referencing 68 O.S. § 2355.1F is stricken.

<sup>2</sup> Oklahoma Tax Commission Revenue Forecast for FY20 (February 14, 2019)