

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 676
Version:	INT
Request No.:	474
Author:	Sen. Montgomery
Date:	01/28/2019

Bill Analysis

SB 676 modifies income tax apportionments. The Ad Valorem Fund receives an additional 0.5% share of the income tax, bringing its total share to 1.5%. The General Revenue Fund receives 0.5% less.

Prepared by: Kalen Taylor

Fiscal Analysis

FY 21: GRF would decrease approximately \$19,971,055

FY 22: GRF would decrease approximately \$20,534,765

This bill amends the apportionment of individual and corporate income tax by decreasing the amount of revenue apportioned to the General Revenue Fund and increasing the amount of revenue apportioned to the Ad Valorem Reimbursement Fund effective for fiscal year beginning July 1, 2020 and all subsequent fiscal years.

From the Oklahoma Tax Commission: under current law individual income tax is apportioned in the following manner:

General Revenue Fund: 85.66%

Education Reform Revolving Fund: 8.34%

Teachers' Retirement Fund: 5%

Ad Valorem Reimbursement Fund: 1%

Under this proposal the apportionment to the General Revenue Fund will decrease to 85.16% and the apportionment to the Ad Valorem Reimbursement Fund will increase to 1.5%.

Under current law corporate income tax is apportioned in the following manner:

General Revenue Fund: 77.5%

Education Reform Revolving Fund: 16.5%

Teachers' Retirement Fund: 5%

Ad Valorem Reimbursement Fund: 1%

Under this proposal the apportionment would be:

General Revenue Fund: 77%

Ad Valorem Reimbursement Fund: 1%

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: January 29, 2019

BILL NUMBER: SB 676 **STATUS AND DATE OF BILL:** Introduced 1/17/19

AUTHORS: House n/a Senate Montgomery

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

PROPOSAL: Amendatory

SB 676 proposes to amend 68 O.S. § 2352 which relates to the apportionment of individual and corporate income tax by decreasing the amount of revenue apportioned to the General Revenue Fund and increasing the amount of revenue apportioned to the Ad Valorem Reimbursement Fund effective for the fiscal year beginning July 1, 2020 (FY21) and all subsequent fiscal years.

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: -0-

FY 21: No change to income tax collections. See attached for changes to the General Revenue Fund and the Ad Valorem Reimbursement Fund.

Feb 8, 2019
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-8-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-8-19
DATE

Jim McInt
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 676 [Introduced] Prepared: January 29, 2019

SB 676 proposes to amend 68 O.S. § 2352 which relates to the apportionment of individual and corporate income tax by decreasing the amount of revenue apportioned to the General Revenue Fund and increasing the amount of revenue apportioned to the Ad Valorem Reimbursement Fund effective for the fiscal year beginning July 1, 2020 (FY21) and all subsequent fiscal years.

Under current law, individual income tax is ultimately apportioned to four (4) funds in the following percentages:

1. General Revenue Fund 85.66%
2. Education Reform Revolving Fund 8.34%
3. Teachers' Retirement Fund 5%
4. Ad Valorem Reimbursement Fund 1%

Under this proposal, the apportionment to the General Revenue Fund will decrease to 85.16% and the apportionment to the Ad Valorem Reimbursement Fund will increase to 1.5%.

Further, under current law, corporate income tax is ultimately apportioned to four (4) funds in the following percentages:

1. General Revenue Fund 77.5%
2. Education Reform Revolving Fund 16.5%
3. Teachers' Retirement Fund 5%
4. Ad Valorem Reimbursement Fund 1%

Under this proposal, the apportionment to the General Revenue Fund will decrease to 77% and the apportionment to the Ad Valorem Reimbursement Fund will increase to 1.5%.

TOTAL INCOME TAX - CHANGE TO FY APPORTIONED					
FUNDS					
	Total Apportionment ¹	GRF	ERRF	TRS	AVRF
FY21	\$3,994,211,000	-\$19,971,055	-0-	-0-	+\$19,971,055
FY22	\$4,106,953,000	-\$20,534,765	-0-	-0-	+\$20,534,765

This measure will not have any effect on the collection of income tax. It merely changes how the collections are apportioned. Therefore no changes to state revenues are anticipated due to this proposal.

¹ Revenue Forecasts for FY21 and FY22 prepared for the Office of Management and Enterprise Services by the Oklahoma Tax Commission - December 13, 2018.