

**Fiscal Impact**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

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

**SB 1161**  
**INT**  
**Sen. Young**  
**02/06/2020**

**OKLAHOMA TAX COMMISSION**

REVENUE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 13, 2020

BILL NUMBER: SB 1161 STATUS AND DATE OF BILL: Introduced 12/31/19

AUTHORS: House n/a Senate Young

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 1161 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 this credit beginning with tax year 2020.

EFFECTIVE DATE: November 1, 2020

**REVENUE IMPACT:**

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

FY 21: Projected decrease of \$26,979,000 in income tax collections.  
FY 22: Projected decrease of \$26,908,000 in income tax collections.

<u>Jan. 13, 2020</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	mck
<u>1/13/2020</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>1/23/2020</u> DATE	<u>[Signature]</u> 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 1161 [Introduced] Prepared 1/13/20**

SB 1161 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 this credit beginning with tax year 2020.

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 provisions<sup>1</sup>.

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 2020 is \$26,979,000. No changes in withholding or estimated tax payments are anticipated. The estimated revenue impact for this measure is a decrease of \$26,979,000 in income tax collections in FY21 when the 2020 returns are filed

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<sup>1</sup> SB 1604 was enacted during the 2016 Legislative session which eliminated the refundable aspect of the Earned Income Tax Credit beginning with tax year 2016.