

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

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

**SB 1288**  
**INT**  
**Sen. Bergstrom**  
**02/06/2020**

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** January 17, 2020

**BILL NUMBER:** SB 1288 **STATUS AND DATE OF BILL:** Introduced 1/12/2020

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

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

**PROPOSAL:** Amendatory

SB 1288 proposes to amend 68 O.S. §2357.104, which relates to the Railroad Modernization Credit. This measure proposes to add a refundable aspect to the credit for taxable years beginning on or after January 1, 2021.

**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: -0-

FY 22: Estimated decrease of \$958,000 in income tax collections.

Jan. 23, 2020  
DATE

Rick Miller  
DIVISION DIRECTOR

bdf

1/23/2020  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

1/23/2020  
DATE

JDA  
FOR THE COMMISSION

*The 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 1288 [INTRODUCED] 1/17/2020**

SB 1288 proposes to amend 68 O.S. §2357.104, which relates to the Railroad Modernization Credit. This measure proposes to add a refundable aspect to the credit for taxable years beginning on or after January 1, 2021.

Currently a nonrefundable income tax credit exists for qualified railroad reconstruction or replacement expenditures. The credit is freely transferable and may be carried over for five taxable years. Total credits are capped at \$2 million per year.

Under this proposal, 75% of unused credits generated on or after January 1, 2021, may be refunded to any eligible taxpayer. Credits generated on or after January 1, 2021, are not transferrable and may not be carried over. The \$2 million cap includes credits that are refunded, as well as credits used to offset tax.

To estimate the potential revenue effect of this proposal, the average net credit<sup>1</sup> was calculated for tax years 2015, 2016 and 2017. The refundable portion of this average reflects an estimated decrease in income tax collections of \$958,000 for tax year 2021. This decrease would occur in FY22 when the 2021 returns are filed. No changes in withholding or estimated tax payments are anticipated.

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<sup>1</sup> The average net credit includes credits established during the tax year and excludes unused credits carried over from prior years.