

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

SB 1497
INT
Sen. Boren
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 27, 2020

BILL NUMBER: SB 1497 **STATUS AND DATE OF BILL:** Introduced Bill 1/15/2020

AUTHORS: House n/a Senate Boren

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

PROPOSAL: New Law and Repealer

SB 1497 proposes to repeal the Support of Oklahoma General Revenue Fund checkoff program and to create the individual income tax Checkoff for Oklahoma Fund, effective for tax years beginning after December 31, 2020. This measure also creates the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund in the State Treasurer's office, from which, 99% of monies are transferred to the General Revenue Fund.

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: None
FY 22: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 21: Minimal cost to the OTC is anticipated for procuring and mailing annual decals.

Jan. 28, 2020
DATE

Rick Miller
DIVISION DIRECTOR

bdf

1/28/2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/28/2020
DATE

[Signature]
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 1497 [INTRODUCED] 1/27/2020

SB 1497 proposes to repeal the Support of Oklahoma General Revenue Fund checkoff program and to create a new Checkoff for Oklahoma Fund of the State of Oklahoma. Individual income tax returns for tax years beginning after December 31, 2020, must include the following language to allow the direct donation and/or donation of a tax refund to benefit the Checkoff for Oklahoma Fund of the State of Oklahoma:

Support of the Checkoff for Oklahoma Revolving Fund. Check if you wish to donate from your tax refund: () entire amount, or an amount equivalent to payment of a seven percent (7%) top marginal income tax rate () \$ _____. Check if you wish to make a direct donation to the Checkoff for Oklahoma Fund: () amount \$ _____.

Under this proposal, the Oklahoma Tax Commission (OTC) is responsible for providing a Checkoff for Oklahoma donation calculator on the OTC website, and for mailing an annual Checkoff for Oklahoma Fund decal to any qualified donor¹ within 60 days of the filing of a return. The estimated cost for the OTC to procure and mail each decal is \$3.46.

If a taxpayer makes a donation in error, the taxpayer may file a refund claim within three years from the related tax return due date. The total amount of refunds during any year is deducted from total donations received during the following year and deposited into the Income Tax Withholding Refund Account.

This measure also creates the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund in the State Treasurer's office, from which, 99% of monies are transferred to the General Revenue Fund.

On or before July 1, 2023, and annually thereafter, the OTC is responsible for preparing a report on the status of the Checkoff for Oklahoma Fund, and for holding a Checkoff for Oklahoma Fund Donor meeting² at a cost to be expended from the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund³.

To estimate the potential administrative cost of this proposal, donations to the General Revenue Fund were reviewed for tax year 2018. OTC data indicates that 134 donations were made to the General Revenue Fund for a total donation amount of \$4,378. Assuming each donor qualified to receive the Checkoff for Oklahoma Fund decal, the total estimated cost to procure and mail the decals is \$464. A minimal cost is also expected for enhancements to the OneLink GenTax system.

No changes in state revenue are expected as a result of this proposal; however, an estimated cost to the OTC of \$464 is anticipated for procuring and mailing annual decals.

¹ A taxpayer who donates the difference between the dollar amounts calculated as the taxpayer's tax liability assuming a state top marginal tax rate of 7% and the taxpayer's actual income tax liability qualifies to receive an annual decal for the Checkoff for Oklahoma Fund.

² The meeting must be held on a Saturday in June at a location in Oklahoma that is suitable for the number of attendees.

³ The cost must not exceed 1% of the monies accruing to the credit of the fund during the previous calendar year.