

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

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

**SB 1622**  
**INT**  
**Sen. Dugger**  
**02/13/2020**

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** February 11, 2020

**BILL NUMBER:** SB 1622 **STATUS AND DATE OF BILL:** Introduced Bill 1/16/2020

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

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

**PROPOSAL:** New Law

SB 1622 proposes to enact a new income tax credit to be claimed by a contractor who performs certified aging-in-place residential remodeling for an eligible homeowner. For tax years beginning on or after January 1, 2021, a contractor may claim a credit of \$2,000 per qualified residence remodeled during the tax year. The credit is nonrefundable, and total credits are capped at \$2,000,000 per year.

**EFFECTIVE DATE:** January 1, 2021

**REVENUE IMPACT:**

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

FY 21: Estimated decrease in \$51,000 in income tax collections.  
FY 22: Estimated decrease of \$128,000 in income tax collections.

Feb. 11, 2020  
DATE

Rick Miller  
DIVISION DIRECTOR bdf

2/11/2020  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/12/2020  
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 1622 [INTRODUCED] 2/11/2020

SB 1622 proposes to enact a new income tax credit to be claimed by a contractor who performs certified aging-in-place residential remodeling for an eligible homeowner. For tax years beginning on or after January 1, 2021, a contractor may claim a credit of \$2,000 per qualified residence remodeled during the tax year. To qualify for the credit, a contractor must obtain third party verification by a Certified Aging-in-Place Specialist (CAPS), designated by the National Association of Home Builders (NAHB), that a residence for which the credit is claimed meets the requirements of this proposal. The credit is nonrefundable, and total credits are capped at \$2,000,000 per year<sup>1</sup>.

Under this proposal:

- “Aging-in-place residential remodeling” means remodeling intended to adapt an existing residence that includes: egress and ingress modifications to entries, main bathroom and kitchen; support for access to toilet and bathing facilities; and width modification to accommodate wheelchair access;
- “Contractor” means a person who performs aging-in-place residential remodeling services for a homeowner; and
- “Homeowner” means a person living in the residence who is 65 years of age or older, has filed and qualified for a homestead exemption from ad valorem taxes, and has filed and qualified for a limit on the fair cash value of the residence.<sup>2</sup>

To estimate the potential revenue effect of this proposal, information was requested from 32 Oklahoma CAPS listed on the NAHB’s Professionals with Home Building Designations Directory<sup>3</sup>. Responses from 14 CAPS indicate 29 residences were remodeled in 2019 that could possibly qualify for the aging-in-place residential remodeling credit.<sup>4</sup> Applying the \$2,000 credit to 29 residences results in an estimated decrease in income tax collections of \$58,000.

Because responses were not provided by 18 CAPS, it is unclear whether additional residences were remodeled that could qualify for the credit. Assuming an average of 2 residences per CAPS (based on responses from 14 CAPS), the potential revenue effect of this proposal is an estimated decrease in income tax collections of \$128,000. Some decrease in revenue may occur in FY 21 due to a potential reduction in withholding and estimated tax payments. The full impact would occur in FY 22 when the 2021 returns are filed.

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<sup>1</sup> The Tax Commission is required to calculate and publish the percentage by which the authorized credits will be reduced so the total credits used to offset tax do not exceed \$2 million per year. The formula to be used for the percentage adjustment is \$2 million divided by the credits claimed in the second preceding year. If total credits exceed \$2 million in any calendar year, the Tax Commission shall permit any excess over \$2 million and factor the excess into the percentage adjustment formula for subsequent years.

<sup>2</sup> Property owners 65 and older are eligible for property valuation freezes if their annual gross household incomes fall beneath yearly amounts (\$73,000 for Oklahoma County) set by the U.S. Department of Housing and Urban Development for their respective counties.

<sup>3</sup> See [https://www.nahb.org/NAHB-Community/Directories/Professionals-with-Home-Building-Designations#sort=%40lastname%20ascending&f:Designation=\[CAPS\]&f:State=\[OK\]](https://www.nahb.org/NAHB-Community/Directories/Professionals-with-Home-Building-Designations#sort=%40lastname%20ascending&f:Designation=[CAPS]&f:State=[OK]).

<sup>4</sup> Data is not available regarding the age of the property owner and whether the property owner is eligible for the property valuation freeze.