

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2961
Version:	CS
Request Number:	8295
Author:	Mr. Speaker
Date:	5/17/2021
Impact:	Tax Commission:

Revenue Decrease:
FY-22: (\$53.9 Million)
FY-23: (\$110.2 Million)

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Review from the Tax Commission:

The PCS for HB 2960 (Req. No. 8294) proposes to reduce the corporate income tax from the current 6% to 4%. The PCS for HB 2961 (Req. No. 8295) proposes to reduce the bank privilege tax from the current 6% to 4%.

Under current law, income tax in an amount equal to percent 6% is levied upon the Oklahoma taxable income of every corporation doing business within this state or deriving income from sources within this state per 68 O.S. § 2355 (E). Banks are subject to a 6% in lieu tax upon Oklahoma taxable income under 68 O.S. § 2370.

This memorandum combines the revenue estimate for both HB 2960 and HB 2961 since “C” corporations and banks both file on the same Oklahoma tax form and corporate income tax revenue cannot be distinguished between bank and non-bank entities.

In order to determine the revenue impact the estimates from the Oklahoma Tax Commission Revenue forecast for FY22 and FY23 were used.¹ The estimated decrease in income tax collections for FY22 would be \$53.9 million², and for FY23, the estimated decrease in income tax collections would be \$110.2 million.

¹ Oklahoma Tax Commission - Revenue Forecasts for FY 2022 and FY 2023 as of February 12, 2021. Letter to Office of Management and Enterprise Services. FY22 Corporate Estimate is \$323.5 million; FY23 Corporate Estimate is \$337.8 million.

² This presumes ½ of the tax year 2022 corporate income tax revenue is in FY22, and ½ is in FY23. The estimated decrease for tax year 2022 is \$107.8 million and \$112.6 million for tax year 2013.

Prepared By: Mark Tygret

Other Considerations

None.

