

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: April 13, 2022

BILL NUMBER: HB 3131 STATUS AND DATE OF BILL: Committee Substitute 4/12/22

AUTHORS: House Kendrix, Russ & Fetgatter Senate Montgomery

TAX TYPE (S): Franchise Tax SUBJECT: Tax Levy

PROPOSAL: Amendatory

HB 3131 proposes to amend 68 O.S. §§ 1203 and 1204 by ending the levy of the Oklahoma franchise tax effective for tax year 2023. This measure further amends 68 O.S. § 1210 which ends the filing requirement required for the administration of the Oklahoma franchise tax effective for tax year 2023.¹

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

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

FY 24: Decrease in franchise tax collections of \$58.2 million²

Apr. 14, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mk

4/14/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/15/2022
DATE

Joseph P. Baypa
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.

¹ Under current law, Oklahoma levies an annual franchise tax on all corporations that do business in the State of Oklahoma. Corporations are taxed \$1.25 for each \$1,000 of capital invested or used in Oklahoma. Foreign corporations are additionally assessed \$100 per year, payable to the Oklahoma Tax Commission, for the Secretary of State to act as their registered agent. The maximum annual tax is \$20,000 and entities that have a calculated franchise tax of \$250 or less are not required to remit the tax. Limited liability companies, as defined by Section 2001 of Title 18 of the Oklahoma Statutes, are not subject to Oklahoma franchise tax.

² Oklahoma Tax Commission Letter to the Office of Management and Enterprise Services regarding the Revenue Forecast for FY 2024; February 15, 2022