

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 24, 2022

BILL NUMBER: SB 1347 STATUS AND DATE OF BILL: Introduced 1/18/2022

AUTHORS: House NA Senate Kirt

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: New Law

SB 1347 proposes to enact a new, refundable income tax credit for any individual for rent paid for their primary residence, effective for tax year 2023 and subsequent years. An individual may claim up to \$110.00 for tax year 2023, and the credit amount must be adjusted annually for subsequent credit years to reflect price inflation, as measured by the Consumer Price Index for urban consumers and as published by the Bureau of Labor Statistics.

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 23: None.

FY 24: Unknown decrease in income tax revenue.

Jan 25, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bdf

1/26/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/1/2022
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 1347 [Introduced] Prepared 1/24/22

SB 1347 proposes to enact a new, refundable income tax credit for any individual for rent paid for their primary residence,¹ effective for tax year 2023 and subsequent years. An individual may claim up to \$110.00 for tax year 2023, and the credit amount must be adjusted annually for subsequent credit years to reflect price inflation, as measured by the Consumer Price Index for urban consumers and as published by the Bureau of Labor Statistics.

The Oklahoma Tax Commission must provide a form to claim the credit on which an individual is required to report their address, the name of the landlord, the required monthly rent, and the total amount of rent paid in the tax year.

To estimate the potential revenue effect of this proposal, Household Pulse Survey Data Tables² were reviewed for Phase 3.3, which began on December 1, 2021, and is scheduled to continue through February 7, 2022. Survey results for December 1, 2021, through December 13, 2021, indicate 766,521 Oklahoma individuals who reported living in renter-occupied housing units. If each of these individuals claimed the \$110.00 annual income tax credit, the resulting decrease in income tax collections would total over \$84.3 million for FY 24.

Due to a lack of data, the actual number of individuals who may qualify to receive the proposed credit on rent paid for their primary residence is unknown. As a result, an unknown decrease in income tax collections may be expected, beginning for FY 24 when the tax year 2023 returns are filed.

¹ It is unclear whether two or more individuals who share a primary residence (e.g. married individuals) may each claim a separate credit.

² The new experimental Household Pulse Survey, published by the U.S. Census Bureau, is designed to quickly and efficiently deploy data collected on how people's lives have been impacted by the coronavirus pandemic (see <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>).