

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 2, 2022

BILL NUMBER: SB 1481 STATUS AND DATE OF BILL: Introduced 1/20/2022

AUTHORS: House n/a Senate Treat

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

PROPOSAL: Amendatory

SB 1481 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.

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: -0-

FY 24: Decrease in franchise tax collections of \$57.2 million

Feb. 2, 2022

DATE

Rick Miller

DIVISION DIRECTOR

mk

2/2/2022

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/7/2022

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 1481 [Introduced] Prepared 2/2/2022

SB 1481 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.

Under current law, Oklahoma levies an annual franchise tax on all corporations that do business in the State of Oklahoma.¹ Corporations are taxed \$1.25 for each \$1,000 of capital invested or used in Oklahoma.² 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.³ 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.⁴

The elimination of the franchise tax for tax year 2023 will result in a decrease in revenue of \$57.2 million in FY24.⁵

¹ Limited liability companies, as defined by Section 2001 of Title 18 of the Oklahoma Statutes, are not subject to Oklahoma franchise tax.

² 68 O.S. § 1203 and 68 O.S. § 1204

³ 18 O.S. § 441-208

⁴ 68 O.S. § 1205

⁵ Oklahoma Tax Commission Letter to the Office of Management and Enterprise Services regarding the Revenue Forecast for FY 2024; December 14, 2021