

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 27, 2022

BILL NUMBER: SB 1703 STATUS AND DATE OF BILL: Introduced 01/20/22

AUTHORS: House NA Senate Jett

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: New Law

SB 1703 proposes to create a new, refundable income tax credit for individuals that are members of the Oklahoma Army National Guard or Oklahoma Air National Guard and that purchase a residence in Oklahoma. Effective for tax year 2023 and subsequent tax years, a credit is allowed for the down payment and closing costs associated with the purchase. Each credit may not exceed \$4,000, and no more than one credit may be claimed by an individual.

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: Estimated decrease of \$550,000 in income tax revenue.

FY 24: Estimated decrease of \$1.1 million in income tax revenue.

Feb. 1, 2022
DATE

Rick Miller
DIVISION DIRECTOR bdf

2/1/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/2/2022
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 1703 [Introduced] Prepared 1/27/2022

SB 1703 proposes to create a new, refundable income tax credit for individuals that are members of the Oklahoma Army National Guard or Oklahoma Air National Guard and that purchase a residence in Oklahoma. Effective for tax year 2023 and subsequent tax years, a credit is allowed for the down payment and closing costs associated with the purchase. Each credit may not exceed \$4,000, and no more than one credit may be claimed by an individual. It is unclear whether multiple individuals (e.g. married individuals who are National Guard members) can claim a separate credit for the single purchase of a residence.

The Oklahoma Tax Commission (OTC) will provide a form for individuals to apply for the credit and submit verification of down payment and payment of closing costs. The OTC may promulgate rules to enforce the proposed credit provisions.

Information published by The Norman Transcript on December 30, 2021, indicates the Oklahoma Air National Guard comprises 2,280 members, and the Oklahoma Army National Guard comprises 6,500 members.¹ Using the available information, a total estimated credit amount for down payments and closing costs for Oklahoma National Guard members were calculated as follows:

Estimated Credit for Homes Sold to Oklahoma National Guard Members	
United States Population Estimate, July 1, 2021	331,893,475 ²
Estimated % of Persons, Age 18 - 64	61.2%
Estimated Number of Persons, Age 18 - 64	203,118,807
Oklahoma Population Estimate, July 1, 2021	3,986,639 ³
Estimated % of Persons, Age 18 - 64	59.8%
Estimated Number of Persons, Age 18 - 64	2,384,010
Estimated % of Oklahoma Persons, Age 18 - 64, to United States	1.17%
Existing and Newly Constructed Homes Sold in the United States, 2020	6,462,000 ⁴
Estimated Number of Homes Sold in Oklahoma, 2020	75,605
Oklahoma Air and Army National Guard Members, 2021	8,780
Estimated % of OK National Guard Members Who Purchased a Home, 2020	0.37%
Estimated Number of Homes Sold to OK National Guard Members, 2020	280
Total Estimated Credit for Homes Sold to OK National Guard Members, 2020	\$1,120,000

Based on these estimates, the potential revenue impact of the proposal is a decrease in income tax revenue of approximately \$1.1 million.⁵ This decrease may begin to occur in FY 23, due to a potential reduction in withholding and estimated tax payments, and the full impact is expected for FY 24 when the 2023 returns are filed.

¹ See https://www.normantranscript.com/news/unvaccinated-oklahoma-air-national-guard-members-will-not-be-allowed-to-participate-in-drills/article_1ce01596-69aa-11ec-860b-8fae6e60ef13.html#:~:text=Earlier%20this%20month%2C%20Oklahoma%20National,of%20the%20June%202022%20deadline.

² See <https://www.census.gov/quickfacts/fact/table/US/PST045221>.

³ See <https://www.census.gov/quickfacts/OK>.

⁴ See <https://www.nar.realtor/research-and-statistics/quick-real-estate-statistics>.

⁵ No growth was factored into the analysis for the new proposed credit.