

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 24, 2022

BILL NUMBER: SB 1843 STATUS AND DATE OF BILL: Engrossed 3/8/22

AUTHORS: House Hilbert Senate Leewright

TAX TYPE (S): Income Tax SUBJECT: Other

PROPOSAL: Amendatory

Engrossed SB 1843 proposes to amend 68 O.S. § 2358(A)(5)(b)(1), by amending the payroll factor for corporate income tax calculation purposes effective for tax year 2022.¹

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 23: None.

Mar. 29, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mk

3/29/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/30/2022
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.

¹ This measure does not specify a tax year, so the November 1, 2022 effective date should make the proposed change effective for tax year 2022 and subsequent tax years.

ATTACHMENT TO REVENUE IMPACT - SB 1843 [Engrossed] Prepared 3/24/2022

Engrossed SB 1843 proposes to amend 68 O.S. § 2358(A)(5)(b)(1), by amending the payroll factor for corporate income tax calculation purposes effective for tax year 2022.

Oklahoma uses an apportionment formula consisting of property, payroll, and sales factors to apportion income of a unitary business, equally weighted. The payroll factor is calculated by dividing a numerator² consisting of the total compensation³ for services rendered in the state during the tax period by a denominator consisting of the total compensation for services rendered everywhere during the tax period.

This measure proposes to add expenditures of employees who reside in this state and work for a business located outside this state to the numerator of the payroll factor. This measure appears to clarify the current numerator calculation for services rendered in this state.

² There are special numerator calculations for transportation enterprises and for expenditures in connection with itinerant employees.

³ Compensation is defined as those paid-for services to the extent related to the unitary business but does not include officers' salaries, wages and other compensation.