

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 20, 2021

BILL NUMBER: SB 204 **STATUS AND DATE OF BILL:** Introduced 12/30/2020

AUTHORS: House n/a Senate Boren

TAX TYPE (S): Income Tax **SUBJECT:** Other

PROPOSAL: New Law and Repealer

SB 204 proposes to repeal the Support of Oklahoma General Revenue Fund checkoff program and to create the individual income tax Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund, effective for tax year 2021 and subsequent tax years. The proposal also creates the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund in the State Treasurer's office, from which 99% of monies are transferred to the General Revenue Fund.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

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

FY 22: None.

FY 23: None.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 22: Minimal cost to the Oklahoma Tax Commission is anticipated for procuring and mailing annual decals.

Jan. 27, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bdf

2/1/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/1/21
DATE

JD
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 204 [Introduced] Prepared 1/20/2021

SB 204 proposes to repeal the Support of Oklahoma General Revenue Fund checkoff program and to create a new Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund. Each state individual income tax return for tax year 2021 and subsequent years must include the following language to allow the donation of a tax refund or a direct donation to benefit the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund:

Support of the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund. Check if you wish to donate from your tax refund: () entire amount, or an amount equivalent to payment of a seven percent (7%) top marginal income tax rate () \$_____. Check if you wish to make a direct donation to the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund: (_____) amount \$_____.

Under this proposal, the Oklahoma Tax Commission (OTC) is responsible for providing a Checkoff for Oklahoma donation calculator on the OTC website, and for mailing an annual Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund decal to any qualified donor¹ within 60 days of the filing of a return. The estimated cost for the OTC to procure and mail each decal is \$3.47.

If a taxpayer makes a donation in error, the taxpayer may file a refund claim within three years from the related tax return due date. The total amount of refund during any year is deducted from total donations received during the following year and deposited into the Income Tax Withholding Refund Account.

The proposal also creates the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund in the State Treasurer's office, from which 99% of monies are transferred to the General Revenue Fund.

On or before July 1, 2024, and annually thereafter, the OTC is responsible for preparing a report on the status of the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund, and for holding a Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund Donor meeting² at a cost to be expended from the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund³.

To estimate the potential administrative cost of the proposal, donations to the General Revenue Fund were reviewed for tax year 2018. OTC data indicates that 672 donations were made to the General Revenue Fund for a total donation amount of \$20,678. Assuming each donor qualified to receive the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund decal, the total estimated cost to procure and mail the decals is \$2,332.

No changes in state revenue are expected as a result of the proposal.

¹ A taxpayer who donates the difference between the dollar amounts calculated as the taxpayer's tax liability assuming a state top marginal tax rate of 7% and the taxpayer's actual income tax liability qualifies to receive an annual decal for the Checkoff for Oklahoma Revolving Fund for the Support of the Oklahoma General Revenue Fund.

² The meeting must be held on a Saturday in June at a location in Oklahoma that is suitable for the number of attendees.

³ The cost must not exceed 1% of the monies accruing to the credit of the fund during the previous calendar year.