

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 4, 2021

BILL NUMBER: SB 220 STATUS AND DATE OF BILL: Introduced 1/4/21

AUTHORS: House n/a Senate Young

TAX TYPE (S): Income Tax SUBJECT: Credits

PROPOSAL: Amendatory

SB 220 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma earned income tax credit which proposes to reinstate the refundable aspect of the credit. Beginning with tax year 2021, if the earned income tax credit exceeds the tax imposed by 68 O.S. § 2355, the excess amount shall be refunded.

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: Estimated decrease in income tax collections of \$24,856,000

Jan. 15, 2021
DATE

Rick Miller
DIVISION DIRECTOR

mck

1/19/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/25/2021
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 220 [Introduced] Prepared 1/4/2021

SB 220 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma earned income tax credit which proposes to reinstate the refundable aspect of the credit. Beginning with tax year 2021, if the earned income tax credit exceeds the tax imposed by 68 O.S. § 2355, the excess amount shall be refunded.

Under current law, the Oklahoma earned income tax credit is equal to 5% of the federal earned income credit allowed on a taxpayer's federal income tax return. This is a non-refundable tax credit with no carryover provisions.

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The estimated decrease in income tax revenue for tax year 2021 is \$24,856,000. No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$24,856,000 in income tax collections is expected in FY22 when the 2021 income tax returns are filed.