

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 19, 2024

BILL NUMBER: SB 1240

STATUS AND DATE OF BILL: Introduced 12/7/23

AUTHORS: House: NA Senate: Jech

TAX TYPE(S): All

SUBJECT: Interest Rate

PROPOSAL: Amendatory

SB 1240 proposes to amend 68 O.S. § 217,¹ changing the interest rate assessed on total delinquent tax to a rate equal to the upper limit of the most recent federal funds target range, as determined by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System, divided by twelve, per month from the date of the delinquency until paid.

EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

According to a FOMC (Federal Open Market Committee) [statement](#) issued by the Federal Reserve on December 13, 2023, the target range for the federal funds rate is 5.25–5.5% at the upper limit (approximately .4583% per month). The estimated revenue impact was determined by applying the 5.5% interest rate to 2023 collections.

FY 25: Estimated decrease of \$24.8 million in income tax revenue.²

FY 26: Estimated decrease of \$37.2 million in income tax revenue.

ADMINISTRATIVE IMPACT: Estimated development costs of \$62,500 in FY 25 are expected for the Oklahoma Tax Commission to implement the proposal.

1/19/24

DATE

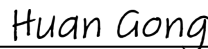


MARIE SCHUBLE, DIVISION DIRECTOR

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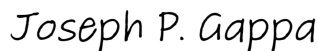
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HUAN GONG, ECONOMIST

1/31/2024

DATE



JOSEPH P. GAPPA, 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 Under 68 O.S. § 217, monthly interest is assessed at 1.25% (15% annualized) for delinquent state tax for the period of underpayment.

² It is assumed that the rate change would not be applied retroactively; but rather, the new rate would be applied beginning on November 1, 2024, the effective date of the proposal.