

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 16, 2024

BILL NUMBER: SB 1350 **STATUS AND DATE OF BILL:** Introduced 12/15/23

AUTHORS: House: N/A Senate: Bergstrom

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

PROPOSAL: Amendatory

SB 1350 proposes to amend 70 O.S. § 28-101 to prevent payments pursuant to the Parental Choice Tax Credit (PCTC) Act from being used to offset or pay a delinquent tax liability or penalty and interest.¹ The proposal further amends 68 O.S. § 2358 to exempt PCTC payments from taxable income, effective for tax year 2024 and subsequent tax years.

EFFECTIVE DATE: Emergency – Upon Passage and Approval

REVENUE IMPACT:

Following passage of HB 1934 in 2023, PCTC installment payments are set to begin in tax year 2024, which shall not exceed \$150 million. Assuming the maximum \$150 million in tax credits are authorized, that could potentially result in an increase of \$4.65 million² in income tax revenue. Assuming tax credit payments are considered taxable income, exempting the PCTC payments from taxable income would result in an unknown decrease in income tax revenue.

FY 25: Unknown decrease in income tax revenue.

FY 26: Unknown decrease in income tax revenue.

1/16/24

DATE

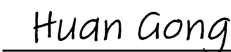


MARIE SCHUBLE, DIVISION DIRECTOR

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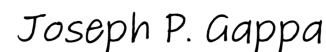
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HUAN GONG, ECONOMIST

2/2/2024

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 It is unclear whether a qualified entity (e.g., Department of Human Services, municipal court, district court, etc.) may use a PCTC payment to offset or pay delinquent liabilities, fines and fees.

² The estimated increase assumes a 3.1% tax rate.