

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 17, 2011

BILL NUMBER: HB 1219 STATUS AND DATE OF BILL: Introduced 12/20/10

AUTHORS: House McCullough Senate n/a

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: New Law

HB 1219 proposes to enact an income tax credit for individual income tax filers for contributions made to qualifying charitable organizations, beginning with tax year 2012.

EFFECTIVE DATE: January 1, 2012

### REVENUE IMPACT:

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

FY 12: -0-

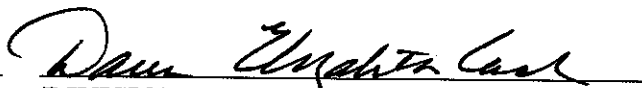
FY 13: Projected revenue decrease of \$6.5 million.

### ADMINISTRATIVE IMPACT:

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

FY 12: None

2/20/11  
DATE

  
DIVISION DIRECTOR

mck

DATE

REECE WOMACK, ECONOMIST

2/21/11  
DATE

  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT - HB 1219 [Introduced] Prepared February 17, 2011**

HB 1219 proposes to enact an income tax credit for individual income tax filers for contributions made to qualifying charitable organizations, beginning with tax year 2012. The credit is the amount of the donation which exceeds 2% of the taxpayer's federal adjusted gross income and that exceeds the total amount deducted in the "baseline year"<sup>1</sup> of the taxpayer. Qualifying deductions are those made to charities that assist the poor. This credit appears to be based on the *Arizona Contributions to Charities that Provide Assistance to the Working Poor Credit*.

The revenue impact of this proposal was estimated by examining the Arizona credit. Based on data from the *Arizona Department of Revenue Tax Expenditure Report*, 36,568 tax returns claimed this credit out of a filing population of 2,600,000. It is estimated that approximately 26,720 Oklahoma returns would take this credit. With the credit being capped at \$200.00 (\$400.00 for married filing joint)<sup>2</sup> for tax year 2012 the estimate is that the revenue impact for tax year 2012 would be a projected revenue decrease of \$6.5 million. The full impact should occur in FY13 when the tax returns are filed.

| Analysis of HB 1219                                    |           |              |
|--------------------------------------------------------|-----------|--------------|
| Number of returns claiming Arizona Credit <sup>3</sup> | 36,568    |              |
| Total Arizona Returns Filed                            | 2,600,000 |              |
| Percentage                                             | 1.41%     |              |
| Estimated Oklahoma Returns Tax year 2012               | 1,600,000 |              |
| Projected number of returns claiming credit            | 22,560    |              |
| Estimated Joint Returns 43% of filers                  | 9,700     |              |
| Credit Cap                                             | \$ 400    |              |
| Estimated Credit Joint Filers                          |           | \$ 3,880,000 |
| Estimated Other Returns 57% of filers                  | 12,860    |              |
| Credit Cap                                             | \$ 200    |              |
| Estimated Credit Other Filers                          |           | \$ 2,572,000 |
| Projected Revenue Decrease Tax year 2012               |           | \$ 6,452,000 |

<sup>1</sup> "Baseline year" of the taxpayer is the 2010 taxable year if the taxpayer deducted charitable contributions; and if the taxpayer did not deduct charitable contributions in 2010, the baseline year of the taxpayer is the first taxable year the taxpayer deducted charitable contributions.

<sup>2</sup> It must be noted that the measure provides for a cap for tax year 2011, however the credit is not available for tax year 2011.

<sup>3</sup> *Arizona Department of Revenue Tax Expenditure Report*