

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 23, 2011

BILL NUMBER: SB 3 STATUS AND DATE OF BILL: SCR 2/8/11

AUTHORS: House McNiel Senate Mazzei

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

Senate Bill 3 proposes to amend the three (3) income tax credits relating to aerospace engineers (68 O.S. § 2357.302 – 2357.304) by shortening the time period this credit is subject to the tax credit moratorium. This measure would also sunset these credits beginning January 1, 2015.

EFFECTIVE DATE: July 1, 2011 - Emergency

REVENUE IMPACT:

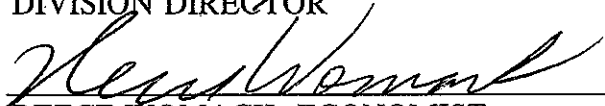
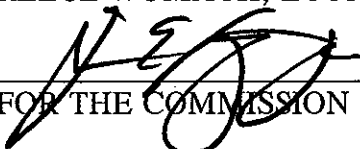
Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: Projected revenue decrease of \$5.9 million

ADMINISTRATIVE IMPACT:

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

FY 12: None

<u>2/24/11</u> DATE	<u></u> DIVISION DIRECTOR	<u>mck</u>
<u>2/24/11</u> DATE	<u></u> REECE WOMACK, ECONOMIST	
<u>2/24/11</u> DATE	<u></u> FOR THE COMMISSION	

ATTACHMENT TO FISCAL IMPACT - SB 3 [SCR 2/8/11] Prepared February 23, 2011

Senate Bill 3 proposes to amend the three (3) income tax credits relating to aerospace engineers (68 O.S. § 2357.302 – 2357.304) by shortening the time period this credit is subject to the tax credit moratorium. This measure would also sunset these credits beginning January 1, 2015.

Current Law:

Under current law, tax credits are available to employers based on the amount of wages paid to a qualified employee and the amount of tuition that is reimbursed to a qualified employee. There is also a credit for the engineer-employee in the amount of Five Thousand Dollars (\$5,000) per year for five (5) years. Under the provisions of SB 1267 enacted during the 2010 legislative session, these credits cannot be generated during the period of July 1, 2010 through June 30, 2012.

Proposed Law:

This proposal would change the moratorium time period for this credit to July 1, 2010 through June 30, 2011, thus shortening the moratorium period by one full year. In other words, all three (3) aerospace engineer income tax credits could be generated on or after July 1, 2011. Also, this measure sunsets these credits effective January 1, 2015.

Fiscal Impact:

The estimate of the savings for FY12, based on the enactment of SB 1267, was \$5.9 million¹. It is anticipated that this amount of credit would be claimed if the moratorium period is shortened. As for the sunset provisions, similar savings would be anticipated in FY16. As a result of these credits no longer being available beginning with tax year 2015, a positive revenue impact is expected when the 2015 income tax returns are filed in 2016. The full FY16 impact of sunseting these credits is estimated at a plus \$5.9 million.

Dawn-
Do you want
FY 16 on
the front
page?

¹ Oklahoma Tax Commission SB 1267 [Enrolled Version] Fiscal Impact Statement dated May 26, 2010.