OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 8, 2013

BILL NUMBER: HB 1370 **STATUS AND DATE OF BILL:** Introduced 1/8/13

AUTHORS: House Dank Senate n/a

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

PROPOSAL: Amendatory and New Law

HB 1370 proposes to eliminate the transferability component of the following income tax credits: *Coal Credit* (68 O.S § 2357.11), *Credit for Electricity Generated by Zero-Emission Facilities* (68 O.S § 2357.32A), *Advanced Wind Turbines* (68 O.S § 2357.32B), *Credit for Qualified Rehabilitation Expenditures* (68 O.S § 2357.41), *Credit for the Construction of Energy Efficient Homes* (68 O.S § 2357.46), and *Credit for Railroad Modernization* (68 O.S § 2357.104). This measure also provides that they may be used as a credit against income tax only. The changes made by this measure are not applicable to any tax credit earned, transferred or eligible to be carried forward prior to January 1, 2013.
This revenue impact does not account for any expected changes to insurance premium tax collections.

EFFECTIVE DATE: Emergency - upon passage and approval

REVENUE IMPACT:

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

FY 14: Potential revenue increase in income tax collections of $5,086,000
FY 15: Potential revenue increase in income tax collections of $10,171,000

ADMINISTRATIVE IMPACT:

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

FY 14: No additional cost or savings are anticipated

Feb. 11, 2013
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-11-2013
DATE

REECE WOMACK, ECONOMIST

2/11/13
DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - HB 1370[Introduced] Prepared February 8, 2013

HB 1370 proposes to eliminate the transferability component of the following income tax credits: *Coal Credit* (68 O.S § 2357.11), *Credit for Electricity Generated by Zero-Emission Facilities* (68 O.S § 2357.32A), *Advanced Wind Turbines* (68 O.S § 2357.32B), *Credit for Qualified Rehabilitation Expenditures* (68 O.S § 2357.41), *Credit for the Construction of Energy Efficient Homes* (68 O.S § 2357.46), and *Credit for Railroad Modernization* (68 O.S § 2357.104). This measure also provides that they may be used as a credit against income tax only. The changes made by this measure are not applicable to any tax credit earned, transferred or eligible to be carried forward prior to January 1, 2013.

Revenue Impact:

This estimate was developed by examining the amount of credits claimed for tax year 2010[1]. Based on this data, $10,171,000 of these tax credits were used to reduce tax year 2010 income tax. One-half of the impact of this measure will likely occur in FY14 due to the uncertainty of the effective date of this measure, with the full impact in FY15. It is anticipated that a potential increase in income tax collections of $5,086,000 will occur in FY14 with a potential increase in income tax collections of $10,171,000 occurring in FY15.

Although this measure does not address the allocation of tax credits this estimated revenue impact is based on the assumption as if the allocation of credits is not allowed.

[1] Oklahoma Tax Commission 511CR Data for Tax year 2010 and HB1285 Task Force Matrix. The Credit for Manufacturers of Small Wind Turbines (68 O.S. § 2357.32B was not considered since this credit is not available for activity after December 31, 2012.)