

# OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 14, 2015

BILL NUMBER: SB 169 STATUS AND DATE OF BILL: Introduced 1/12/15

AUTHORS: House n/a Senate Holt

TAX TYPE (S): Income Tax SUBJECT: Tax Rate

PROPOSAL: Amendatory and Repealer

SB 169 proposes to amend 68 O.S. § 2355 by enacting a phased-in income tax rate reduction beginning with tax year 2017 and repeal 68 O.S. §2355.1G which provides a trigger mechanism to reduce the top marginal individual income tax rate to 4.85%.

EFFECTIVE DATE: January 1, 2016

### REVENUE IMPACT:

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

FY 17: Projected decrease in income tax collections of \$26,333,000

FY 18: Projected decrease in income tax collections of \$95,745,000

FY 19: Projected decrease in income tax collections of \$174,331,000

### ADMINISTRATIVE IMPACT:

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

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

Jan. 15, 2015  
DATE

1-15-15  
DATE

1/19/15  
DATE

Rick Miller  
DIVISION DIRECTOR

Reece Womack  
REECE WOMACK, ECONOMIST

Dan Cash  
FOR THE COMMISSION

mck

**ATTACHMENT TO FISCAL IMPACT – SB169 [Introduced] Prepared January 14, 2015**

SB 169 proposes to amend 68 O.S. § 2355 by enacting a phased-in income tax rate reduction beginning with tax year 2017 and repeal 68 O.S. §2355.1G which provides a trigger mechanism to reduce the top marginal individual income tax rate to 4.85%.

This measure proposes to reduce the top individual income tax rate as follows:

Tax Year	Top Rate
2017	4.9%
2018	4.8%
2019	4.7%
2020	4.6%
2021	4.5%
2022	4.4%
2023	4.3%
2024	4.2%
2025	4.1%
2026	4.0%
2027	3.9%
2028	3.8%
2029	3.7%
2030	3.6%
2031	3.5%
2032	3.4%
2033	3.3%
2034	3.2%
2035	3.1%

Table 1 below outlines the tax year 2017 through 2019 impact and the corresponding FY17 through FY19 impact on income tax collections.

<b>Table 1 – TAX YEAR &amp; FY EFFECT INCOME TAX TOP RATE CHANGE<sup>1</sup></b>				
	<b>Top Rate</b>	<b>Fiscal Impact</b>		
Tax Year 2017	4.9%	\$(65,832,000)		
Tax year 2018	4.8%	\$(140,614,000)		
Tax year 2019	4.7%	\$(224,907,000)		
<b>FY CONVERSION</b>			<b>FY17</b>	<b>FY18</b>
Tax Year 2017	\$(65,832,000)		\$(26,333,000)	\$(39,499,000)
Tax Year 2018	\$(140,614,000)			\$(56,246,000)
Tax Year 2019	\$(224,907,000)			\$(89,963,000)
<b>FY TOTAL</b>			<b>\$(26,333,000)</b>	<b>\$(95,745,000)</b>
<b>Source: Oklahoma Individual Income Tax Micro-Simulation Model.</b>				

<sup>1</sup> Tax years after 2019 are not estimated due to limitations in the Oklahoma Individual Income Tax Micro-Simulation Model.