OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 11, 2015

BILL NUMBER: SB 740 **STATUS AND DATE OF BILL:** Introduced 1/23/15

AUTHORS: House n/a Senate Bass

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

PROPOSAL: New Law

SB 740 proposes to enact the *Oklahoma Stay-at-Home Parent Tax Relief Act*. This measure proposes a new Oklahoma income tax credit of $100 per child, 24 months or younger, for a stay-at-home parent. This credit is a nonrefundable credit, effective for tax year 2016 and subsequent tax years.

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 16: -0-
FY 17: Potential decrease in income tax collections of $874,000

ADMINISTRATIVE IMPACT:

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

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

Feb. 11, 2015 — Rick Miller — mck
DATE — DIVISION DIRECTOR

2-11-15 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

2/11/15 — Dan Coe
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SB 740 [Introduced] Prepared February 11, 2015

SB 740 proposes to enact the *Oklahoma Stay-at-Home Parent Tax Relief Act*. This measure proposes a new Oklahoma income tax credit of $100 per child, 24 months or younger, for a stay-at-home parent. This credit is a nonrefundable credit, effective for tax year 2016 and subsequent tax years.

Under current law, no Oklahoma income tax credit is available exclusively for a stay-at-home parent.

Under this proposal, a stay-at-home parent must:

- provide full-time care[1] at the parent's residence for one or more of the parent's own qualifying children,
- claim the qualifying child as a dependent on the parent's individual income tax return for the taxable year for which the parent claims the credit, and
- have federal adjusted gross income reflected on the Oklahoma income tax return for the parent not in excess of One Hundred Thousand Dollars ($100,000.00).

Parent is defined as an individual who:

- is the biological mother or father of a qualifying child,
- is the stepfather or stepmother of a qualifying child,
- legally adopts a qualifying child, or
- is a legal guardian of a qualifying child.

A qualifying child is a child who is no more than twenty-four (24) months of age on the last day of the taxable year for which the tax credit is claimed.

To develop the fiscal impact for this proposal, Oklahoma income tax data from tax year 2012 was analyzed. There were 499,607 Oklahoma income tax returns which met the federal AGI test and had at least one dependent claimed.[2] Census data suggests 7% of the Oklahoma population is under the age of 5.[3] A report from the U.S. Census Bureau indicated that approximately 25% of the U.S. married population was classified as a stay-at-home parent.[4] Based on the above data, it is estimated that at least 8,740 returns could claim the proposed credit. It is assumed that each return would only have one child 24 months or younger. The estimated fiscal impact is a decrease in Oklahoma income tax collections for tax year 2016 of $874,000. No change to withholding or estimated tax payments is expected so the full impact of this proposal should occur in FY17 when the 2016 income tax returns are filed.

---

[1] Full-time care is not defined.

[2] Oklahoma Tax Commission Income Tax Data – Tax Year 2012 (Includes both resident and nonresident income tax returns)

[3] This analysis assumes the percentage for age 2 and younger is comparable to those that are age 5 and younger. U.S. Census Bureau; American Fact Finder *ACS DEMOGRAPHIC AND HOUSING ESTIMATES 2009-2013 American Community Survey 5-Year Estimates*
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk

[4] This analysis assumes the entire population had a similar distribution. U.S. Census Bureau; Figure SHP-1 Stay at home parents, percentage of married couple families with children under 15 *Current Population Survey, Annual Social and Economic Supplements, 1994 to 2014.*
https://www.census.gov/hhes/families/files/graphics/SHP-1.pdf