

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 2, 2016

BILL NUMBER: SB 918 STATUS AND DATE OF BILL: Senate Floor Version 2/18/16

AUTHORS: House n/a Senate Fry, Mazzei & Quinn

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 918 proposes to amend 68 O.S. § 5011 which relates to the Sales Tax Relief Credit. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit.

EFFECTIVE DATE: November 1, 2016

REVENUE IMPACT:

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

FY 17: -0-

FY 18: -0-

FY 19: Projected increase in income tax collections of \$39.9 million.

ADMINISTRATIVE IMPACT:

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

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

Mar. 7, 2016
DATE

Rick Miller
DIVISION DIRECTOR

mck

3-7-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

3/8/16
DATE

Don Cas
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 918[SFLR] Prepared March 2, 2016

SB 918 proposes to amend 68 O.S. § 5011 which relates to the Sales Tax Relief Credit. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit.

Under current law the Sales Tax Relief Credit is available to either full year Oklahoma residents whose total gross household income does not exceed \$20,000 or residents whose gross household income does not exceed \$50,000 if one of the following applies:

- Claimant can claim an exemption for a dependent, or
- Claimant is 65 years of age or older by the end of the calendar year, or
- Claimant has a physical disability constituting a substantial handicap to employment.

The credit is \$40 per personal exemption claimed on the Oklahoma income tax return. This is a refundable tax credit with no carryover provisions.

There is no impact to income tax collections in FY17 or FY18 as a result of this measure. In order to estimate the *potential* fiscal impact of this proposal, preliminary data for tax year 2014 was analyzed. Based on preliminary data a total of \$39.9 million was used to either offset Oklahoma income tax or claimed as a refundable credit for tax year 2014. No change to estimated tax or withholding is anticipated so the full impact *could potentially occur* in FY19 when tax year 2018 income tax returns are filed, should the legislature not reauthorize this credit.