OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 1, 2016

BILL NUMBER: SB 1078 **STATUS AND DATE OF BILL:** Introduced 1/15/2016

AUTHORS: House n/a Senate Sharp

TAX TYPE (S): All **SUBJECT:** Administrative

PROPOSAL: Amendatory and New Law

SB 1078 proposes a new section of law known as "The Oklahoma Multi-year Revenue and Expenditure Projection Act". This measure also amends 62 O.S. §34.2 as it relates to the written explanation of the methodology and relevant assumptions used in developing the current and future estimated revenue collection periods by including in the statement not only current year's revenue collections but also the ensuing fiscal year and the following two (2) fiscal years.

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 17: -0-
FY 18: -0-

ADMINISTRATIVE IMPACT:

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

FY 17: $75,000 to $125,000 estimated increase in costs to the Tax Commission is anticipated due to this proposed legislation.

Feb. 1, 2016
DATE

Rick Miller
DIVISION DIRECTOR

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2-1-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/1/16
DATE

Dawn Cash
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT–SB 1078 [Introduced] Prepared February 1, 2016

SB 1078 proposes a new section of law known as "The Oklahoma Multi-year Revenue and Expenditure Projection Act". This measure also amends 62 O.S. §34.2 as it relates to the written explanation of the methodology and relevant assumptions used in developing the current and future estimated revenue collection periods by including in the statement not only current year's revenue collections but also the ensuing fiscal year and the following two (2) fiscal years.

Under current law agencies responsible for the collection of monies deposited to the credit of the General Revenue Fund and each of the Special Revenue Funds shall provide, upon request by the Director of the Office of Management and Enterprise Services, an itemized estimate of funds expected to accrue to the General Revenue Fund and each of the Special Revenue Funds for the ensuing fiscal year. In addition, these agencies shall provide a written explanation of the methodology and relevant assumptions used in developing the revenue estimates submitted which include a statement of the prior year's actual revenue collections and projection of the current year's revenue collections.

Pursuant to this proposal each of the agencies referenced above will provide the same information to the Director of the Office of Management and Enterprise Services but the revenue estimates submitted will include not only the current and ensuing fiscal year but also estimated revenue collections for the following two (2) fiscal years. The Tax Commission shall also provide a comprehensive economic report which shall include a summary of recent national and state economic performance and forecast of national and state economic performance for the current fiscal year, the ensuing fiscal year and the following two (2) fiscal years. Currently, the Tax Commission provides all estimates, explanations, statements, projections, reports and other documents required by this section to the President Pro Tempore of the Senate and the Speaker of the House of Representatives at the same time as the documents are provided to the Director of the Office of Management and Enterprise Services. This proposal would include members of the Senate Appropriations and Finance Committees and members of the House Appropriations and Budget Committee to also receive these documents.

Presently, the Tax Commission annually contracts with Region Track, Inc. ($49,500) and the Spears School of Business at Oklahoma State University ($70,000) to provide multiple rounds of econometric models, forecast information, updated equations and the integration of data, thereby enhancing the Commission's analytical ability to estimate forecasts and revenue projections. It is estimated that enactment of the proposals set forth in SB 1078 will result in annualized increased administrative costs of $75,000 to $125,000 for the Oklahoma Tax Commission.