

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 4, 2016

BILL NUMBER: SB 1569 **STATUS AND DATE OF BILL:** Introduced 1/22/16

AUTHORS: House n/a Senate Smalley

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

PROPOSAL: Amendatory

SB 1569 proposes to amend 68 O.S. § 2357 which relates to the Child Care/Child Tax Credit. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2017.

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: Projected increase in income tax collections of \$26,916,000.

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.

Feb. 5, 2016

DATE

Rick Miller

DIVISION DIRECTOR

mck

2-5-16

DATE

Reece Womack

REECE WOMACK, ECONOMIST

4/5/16

DATE

Dawn Cash

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1569 [Introduced] Prepared February 4, 2016

SB 1569 proposes to amend 68 O.S. § 2357 which relates to the Child Care/Child Tax Credit. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2017.

Under current law the Child Care/Child Tax Credit is the greater of 20% of the federal credit for child care expenses allowed under the Internal Revenue Code or 5% of the federal child tax credit allowed under the Internal Revenue Code. Taxpayers with federal adjusted gross income in excess of \$100,000 are not eligible to claim this credit. This is a non-refundable tax credit with no carryover provisions.

There is no impact to income tax collections in FY17 as a result of this measure. In order to estimate the fiscal impact of this proposal, tax year 2014¹ was analyzed. Based upon the preliminary data a total of \$26,916,000 was used to offset Oklahoma income tax. No change to estimated tax or withholding is anticipated so the full impact will occur in FY18 when tax year 2017 income tax returns are filed.

¹ Oklahoma Individual Income Return Data Tax Year 2014 – Preliminary data from returns processed through 1/20/16.