

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 20, 2016

BILL NUMBER: SB 1606 **STATUS AND DATE OF BILL:** Enrolled 5/19/2016

AUTHORS: House Sears & Casey Senate Jolley, Treat & Mazzei

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

PROPOSAL: Amendatory

SB 1606 proposes to amend 68 O.S. § 2358 as it relates to the itemized deduction of state income and state and local sales taxes paid effective for tax year 2016.

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: Projected increase in income tax collections of \$97,302,000.

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.

May 20, 2016
DATE

Rick Miller
DIVISION DIRECTOR

mck

5-23-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

5/23/16
DATE

Don Carr
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1606 [Enrolled] Prepared May 20, 2016

SB 1606 proposes to amend 68 O.S. § 2358 as it relates to the itemized deduction of state income and state and local sales taxes paid effective for tax year 2016.

Under current law, taxpayers that claim itemized deductions for federal income tax purposes can claim the same amount to calculate Oklahoma taxable income. These itemized deductions include state and local taxes paid.

This measure proposes to require state and local income or sales taxes included in itemized deductions be added back to calculate Oklahoma taxable income (by subtracting them from itemized deductions) effective for tax year 2016.

The impact is an estimated \$97,302,000 increase in income tax collections in FY17.

<u>FY EFFECT - REQUIRING THE ADD BACK OF STATE INCOME / STATE & LOCAL SALES TAX DEDUCTED AS AN ITEMIZED DEDUCTION</u>			
		Fiscal Impact	
Tax year 2016		\$97,302,000	
Tax year 2017		\$97,570,000	
FY CONVERSION		FY17	FY18
Tax year 2016		\$97,302,000	
Tax year 2017		\$97,570,000	\$97,570,000
FY TOTAL		\$97,302,000	\$97,570,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.			