

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

SB 1090
INT
Sen. Dahm
02/06/2020

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 3, 2020

BILL NUMBER: SB 1090 **STATUS AND DATE OF BILL:** Introduced Bill 1/8/2020

AUTHORS: House n/a Senate Dahm

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

PROPOSAL: New Law

SB 1090 proposes to enact a new, non-refundable income tax credit for fees paid to successfully complete a firearms training and safety course and apply for an original or renewal license to carry a concealed or unconcealed firearm pursuant to the Oklahoma Self-Defense Act, effective for taxable years beginning after December 31, 2020.

EFFECTIVE DATE: November 1, 2020

REVENUE IMPACT:

Decreased income tax collections are expected by the Tax Commission as a result of this proposal.

FY 21: None.

FY 22: Estimated decrease in income tax collections of \$4.4 million.

Feb. 4, 2020
DATE

Rick Miller
DIVISION DIRECTOR

bdf

2/4/2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/4/2020
DATE

JDA
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT: SB 1090 [INTRODUCED] 2/3/2020

SB 1090 proposes to enact a new, non-refundable income tax credit for fees paid to successfully complete a firearms training and safety course and apply for an original or renewal license to carry a concealed or unconcealed firearm pursuant to the Oklahoma Self-Defense Act¹ (SDA), effective for taxable years beginning after December 31, 2020. The proposal does not require a license application to be approved for a taxpayer to receive the credit. Fees eligible to be claimed are detailed in Table 1.

Original License Fees:	<u>5-Yr Term</u>	<u>10-Yr Term</u>
Application	\$ 100.00	\$ 200.00
Pictures	10.00	10.00
Fingerprints	25.00	25.00
Training Course	65.00	65.00
<i>Subtotal</i>	<u>\$ 200.00</u>	<u>\$ 300.00</u>
Renewal License Fees:	<u>5-Yr Term</u>	<u>10-Yr Term</u>
Application	\$ 85.00	\$ 170.00
Pictures	10.00	10.00
<i>Subtotal</i>	<u>\$ 95.00</u>	<u>\$ 180.00</u>

To determine the potential revenue effect of this proposal, 2019 SDA application data² was obtained from the Oklahoma State Bureau of Investigation (OSBI). The number of applications significantly decreased from calendar year 2018³ to 2019, most likely as a result of the passage of HB 2597⁴, which was effective on November 1, 2019.

Application	Count	Amount
Initial Applications - 5-Yr Term	3,430	\$ 686,000
Initial Applications - 10-Yr Term	1,822	546,600
Renewal Applications - 5-Yr Term	12,190	1,158,050
Renewal Applications - 10-Yr Term	10,942	1,969,560
<i>Subtotal</i>		<u>\$ 4,360,210</u>

*The number of applications for calendar 2019 was annualized for reporting consistency.

Source: Application information provided by OSBI

An estimated decrease of \$4.4 million in income tax collections is expected in tax year 2021. No changes in withholding or estimated tax payments are anticipated; the full impact would occur in FY 22 when the 2021 income tax returns are filed.

¹ The SDA requires each applicant for a license to carry a concealed or unconcealed handgun to obtain a certificate of successful completion of a firearms safety and training course and a certificate of successful demonstration of competency and qualification to carry and handle a pistol. Applicants are also subject to background check(s). An original or renewal license may be issued for either a five-year or a ten-year term.

² OSBI provided data for six months of 2019. The number of applications reflected in Table 2 for calendar year 2019 was annualized for reporting consistency.

³ In 2018, 47,319 SDA license applications were submitted to the OSBI.

⁴ HB 2597 (2019) permits the unlicensed carrying of a concealed or unconcealed firearm by a person who is 21 years or older or by a person who is at least 18 years of age who is an active or inactive member of the United States Armed Forces, Reserves or National Guard (unless the person is otherwise lawfully prohibited from carrying a firearm).