

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	HB 1022
Version:	INT
Request Number:	70029
Author:	Mr. Speaker
Date:	6/15/2022
Impact:	Tax Commission:

Revenue Decrease:
FY-23: \$0
FY-24: (\$58,100,000)

Research Analysis

HB1022XXX, as introduced, eliminates the franchise tax and franchise tax reporting requirements effective tax year 2023.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 1022XXX proposes to amend 68 O.S. §§ 1203 and 1204 by ending the levy of the Oklahoma franchise tax effective for tax year 2023. This measure further amends 68 O.S. § 1210 which ends the filing requirement required for the administration of the Oklahoma franchise tax effective for tax year 2023.

Under current law, Oklahoma levies an annual franchise tax on all corporations that do business in the State of Oklahoma.¹ Corporations are taxed \$1.25 for each \$1,000 of capital invested or used in Oklahoma.² Foreign corporations are additionally assessed \$100 per year, payable to the Oklahoma Tax Commission, for the Secretary of State to act as their registered agent.³ The maximum annual tax is \$20,000 and entities that have a calculated franchise tax of \$250 or less are not required to remit the tax.⁴

The elimination of the franchise tax for tax year 2023 will result in a decrease in revenue of \$58.1 million in FY24.⁵

¹ Limited liability companies, as defined by Section 2001 of Title 18 of the Oklahoma Statutes, are not subject to Oklahoma franchise tax.

² 68 O.S. § 1203 and 68 O.S. § 1204

³ 18 O.S. § 441-208

⁴ 68 O.S. § 1205; for 2019 through 2021 an average of 31,099 entities remitted franchise tax.

⁵ Oklahoma Tax Commission Letter to the Office of Management and Enterprise Services regarding the Revenue Forecast for FY 2024; February 15, 2022

Prepared By: Mark Tygret

Other Considerations

None.

© 2021 Oklahoma House of Representatives, see Copyright Notice at www.okhouse.gov