

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 1982
Version:	INT
Request Number:	5732
Author:	Rep. Lepak
Date:	2/15/2021
Impact:	Tax Commission:

Income Tax Revenue Decrease:
FY-22: \$0
FY-23: (\$1,250,000)

Research Analysis

HB1982 allows the tax credit caps established in the Oklahoma Equal Opportunity Education Scholarship Act to increase by 25 percent if the annual tax credit amount for the prior year is equal to or greater than 90 percent of the cap for that prior year.

The measure prohibits the cap from increasing in years where the state budget for the relevant year fails to meet or exceed the size of the state budget for the previous year.

Prepared By: Emily Wendler

Fiscal Analysis

Analysis provided by the Tax Commission:

Proposed Law:

Beginning with tax year 2022, this measure proposes to increase by 25% the annual credit cap for contributions to eligible scholarship-granting organizations and eligible educational improvement grant organizations for any tax year when the annual tax credit amount for the prior tax year is equal to or greater than 90% of the tax credit cap amount applicable to that tax year. The credit cap will not increase in years where the total state budget of the fiscal year that begins in the relevant tax year fails to meet or exceed the size of the total state budget of the prior state fiscal year. In such case, the tax credit cap shall remain the same amount as the amount in the prior tax year.

Revenue Impact:

For purposes of this analysis, it is anticipated that the annual tax credit amount for 2021 will equal or exceed 90% of the tax credit cap amount for that year (\$5 million) and that state budget conditions will allow for the cap to increase by 25% for tax year 2022. Therefore the projected cap for tax year 2022 will increase to \$6.25 million. It is also fully expected, based on contribution amounts in prior years to qualified entities, that donations will be sufficient to fully utilize the increased cap of \$6.25 million. For tax year 2022, the projected decrease in income tax revenue will be \$1.25 million. No changes to withholding or estimated tax payments are anticipated as a result of this measure; the full decrease of \$1.25 million will occur in FY23 when the 2022 income tax returns are filed. It is further projected that the cap and usage of the credit will increase 25% for tax year 2023, resulting in a decrease in income tax collections of \$1.56 million in FY24.

Prepared By: Mark Tygret

Other Considerations

None.

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