

**OKLAHOMA TAX COMMISSION**

**REVENUE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** March 17, 2021

**BILL NUMBER:** HB 2083 **STATUS AND DATE OF BILL:** Engrossed 3/11/21

**AUTHORS:** House McCall and O'Donnell Senate Daniels

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

**PROPOSAL:** New Law

Engrossed HB 2083 proposes to enact a phased-in income tax deduction for corporate taxable income amounts. (68 O.S. § 2358 and 68 O.S. 2370)

**EFFECTIVE DATE:** January 1, 2022

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: Estimated decrease in revenue of \$32.3 million.

FY 23: Estimated decrease in revenue of \$99.9 million.

Mar. 22, 2021  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

3/22/2021  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

3/22/21  
DATE

JDL  
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 FISCAL IMPACT - HB 2083 [Engrossed] Prepared 3/17/21

Engrossed HB 2083 proposes to enact a phased-in income tax deduction for corporate taxable income amounts. (68 O.S. § 2358 and 68 O.S. 2370<sup>1</sup>)

The proposed deduction is as follows:

- 20% of the total Oklahoma taxable income amount for a taxable year beginning after December 31, 2021, and before January 1, 2023;
- 40% of the total Oklahoma taxable income amount for a taxable year beginning after December 31, 2022, and before January 1, 2024;
- 60% of the total Oklahoma taxable income amount for a taxable year beginning after December 31, 2023, and before January 1, 2025;
- 80% of the total Oklahoma taxable income amount for a taxable year beginning after December 31, 2024, and before January 1, 2026; and
- 100% of the total Oklahoma taxable income amount for any taxable year beginning on or after January 1, 2026.

Under current law, income tax is computed on “Oklahoma taxable income”, not “Oklahoma taxable income minus the deduction allowed in Section 2358.101”. “For all taxable years beginning after December 31, 1989, a tax is hereby imposed upon the *Oklahoma taxable income* of every corporation doing business within this state or deriving income from sources within this state in an amount equal to six percent (6%) thereof.” [68 O.S. § 2355 (E)]

For purposes of this estimate, it is assumed that Oklahoma corporate income tax is levied on Oklahoma taxable income minus the deduction proposed in this measure.

In order to determine the revenue impact for the first year (tax year 2022), the estimates from the Oklahoma Tax Commission Revenue forecast for FY22 and FY23 were used.<sup>2</sup> The estimated decrease in income tax collections for FY22 would be \$32.3 million,<sup>3</sup> and for FY23, the estimated decrease in income tax collections would be \$99.9 million.

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<sup>1</sup> Every state banking association, national banking association and credit union organized under the laws of this state, located or doing business within the limits of the State of Oklahoma shall annually pay to this state a privilege tax at the rate 6% of the amount of the taxable income.

<sup>2</sup> Oklahoma Tax Commission - Revenue Forecasts for FY 2022 and FY 2023 as of February 12, 2021. Letter to Office of Management and Enterprise Services. FY22 Corporate Estimate is \$323.5 million; FY23 Corporate Estimate is \$337.8 million.

<sup>3</sup> This presumes ½ of the tax year 2022 corporate income tax revenue is in FY22, and ½ is in FY23.