

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 15, 2023

BILL NUMBER: HB 2247 **STATUS AND DATE OF BILL:** Engrossed 3/13/23

AUTHORS: House Burns Senate Hall

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

PROPOSAL: New Law and Amendatory

Engrossed HB 2247 proposes to enact the County Road and Bridge Funding Incentive Act of 2023. Under this Act, an individual income tax credit is allowed for a qualified donation by an individual to a county for deposit into its County Road and Bridge Donation Account of its general fund, effective for tax years 2024 through 2026. Engrossed HB 2247 further proposes to amend 19 O.S. §§ 130.7 and 166, related to training and education requirements for county personnel.

EFFECTIVE DATE: November 1, 2023 (Sections 3 and 4)
January 1, 2024 (Sections 1 and 2)

REVENUE IMPACT:

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

FY 24: None.

FY 25: Unknown decrease in income tax revenue.

Mar. 20, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

3/20/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/24/2023
DATE

Joseph P Gappa
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 - HB 2247 [Engrossed] Prepared 3/15/23

Engrossed HB 2247 proposes to enact the County Road and Bridge Funding Incentive Act of 2023. Under this Act, an individual income tax credit is allowed for a qualified donation by an individual to a county for deposit into its County Road and Bridge Donation account of its general fund, effective for tax years 2024 through 2026. The credit is allowed as follows:

- 100% of the amount of the donation to a county with a population of fewer than 25,000 persons;
- 75% of the amount of the donation to a county with a population in excess of 25,000 persons but not in excess of 50,000 persons;
- 50% of the amount of the donation to a county with a population in excess of 50,000 persons but not in excess of 75,000 persons; or
- 25% of the amount of the donation to a county with a population in excess of 75,000 persons but not in excess of 100,000 persons.

No credit is allowed for a donation to a county with a population in excess of 100,000 persons, and all population determinations are governed by the federal Decennial Census or most recent population estimate based on the date of the donation. Any unused credits may be carried over to three succeeding tax years.

Total annual credits used to offset tax are limited to \$10 million. If total credit exceed \$10 million in any calendar year, the Oklahoma Tax Commission (OTC) will permit any excess over \$10 million but will factor such excess into the percentage adjustment formula for subsequent years. The OTC will annually calculate and publish the percentage by which the credits will be reduced so the total annual amount of credits used to offset tax does not exceed \$10 million. The formula used for the percentage adjustment is \$10 million divided by the credits claimed in the second preceding year.¹

To accept a donation for which a credit will be claimed, the officers of the county must be trained according to requirements of 19 O.S. § 130.7. Each county treasurer of the county to which a donation can be made to qualify for the proposed credit will create a County Road and Bridge Incentive Account, and any donation by an individual for the purpose of qualifying for the proposed credit will be credited to such account. No funds in the account may be used to acquire new equipment, but may be used for repairs to existing equipment acquired with other funds of the county or acquired by other methods. The balance of the account may be used by the county for improvements to county roads or bridges in accordance with other requirements of law governing such expenditure.

Engrossed HB 2247 further proposes to amend 19 O.S. §§ 130.7 and 166, related to training and education requirements for county personnel.

Data is not available to estimate the number or amount of potential donations by individuals to Oklahoma counties for improvements to county roads and bridges. Because of this, the expected revenue impact of the proposed credit is an unknown decrease in income tax revenue, beginning for FY 25 when the 2024 returns are filed.

¹ Because the formula to be used for the percentage adjustment is \$10 million divided by the credits claimed in the second preceding tax year, the credit limit is not enforceable until tax year 2026.