

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 13, 2023

BILL NUMBER: SB 312 **STATUS AND DATE OF BILL:** Introduced 1/12/23

AUTHORS: House: n/a Senate: Kirt

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

PROPOSAL: New Law

SB 312 proposes to enact a new, refundable income tax credit for any individual for rent paid for his or her primary residence, effective for tax year 2024 and subsequent years. An individual may claim up to \$110.00 for tax year 2024, and the credit amount may be adjusted annually for subsequent credit years to reflect price inflation, as measured by the Consumer Price Index for All Urban Consumers and as published by the Bureau of Labor Statistics of the U.S. Department of Labor for subsequent years.

EFFECTIVE DATE: November 1, 2023

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 revenue.

Jan. 17, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

1/25/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/31/2023
DATE

Joseph P. Harper
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 312 [Introduced] Prepared 1/13/23

SB 312 proposes to enact a new, refundable income tax credit for any individual for rent paid for his or her primary residence, effective for tax year 2024 and subsequent years. An individual may claim up to \$110.00 for tax year 2024, and the credit amount may be adjusted annually for subsequent credit years to reflect price inflation, as measured by the Consumer Price Index for All Urban Consumers and as published by the Bureau of Labor Statistics of the U.S. Department of Labor for subsequent years.

The Oklahoma Tax Commission must provide a form to claim the credit on which an individual is required to report his or her address, the name of the landlord, the required monthly rent, and the total amount of rent paid in the tax year.

To estimate the potential revenue effect of this proposal, Household Pulse Survey Data Tables¹ were reviewed for Phase 3.7, which began on December 9, 2022, and is scheduled to continue through February 13, 2023. Survey results for December 9, 2022, through December 19, 2022, indicate 625,314 Oklahoma individuals who reported living in renter-occupied housing units.² If each of these individuals claimed the \$110.00 annual income tax credit, the resulting decrease in income tax collections would total approximately \$68.8 million for FY 25.

Due to a lack of data, the actual number of individuals who may qualify to receive the proposed credit on rent paid for their primary residence is unknown. As a result, an unknown decrease in income tax collections may be expected, beginning for FY 25 when the tax year 2024 returns are filed.

¹ See <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>.

² The total includes only individuals who reported living in renter-occupied housing units and excludes those living in different types of housing units, and also those who did not report their housing situation.