

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 24, 2023

BILL NUMBER: SB 747 **STATUS AND DATE OF BILL:** Introduced 1/18/23

AUTHORS: House n/a Senate Stephens

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

PROPOSAL: Amendatory

SB 747 proposes to amend 68 O.S. § 2358.7 to allow a volunteer firefighter to claim a refundable income tax credit for an amount equal to \$100 for every 20 hours of service, effective for tax year 2024 and subsequent years. The total annual credit allowed for service may not exceed \$500 for every income tax return filed. The Oklahoma Tax Commission may require a verification from a fire chief of the total hours of service in a tax year and of compliance with fire department requirements.

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: Estimated decrease of \$5.5 million in income tax revenue.

Feb 5, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

2/6/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/7/2023
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 – SB 747 [Introduced] Prepared 1/24/23

SB 747 proposes to amend 68 O.S. § 2358.7 to allow a volunteer firefighter to claim a refundable income tax credit for an amount equal to \$100 for every 20 hours of service, effective for tax year 2024 and subsequent years. The total annual credit proposed for service may not exceed \$500 for every income tax return filed.¹ The Oklahoma Tax Commission (OTC) may require a verification from a fire chief of the total hours of service in a tax year and of compliance with fire department requirements.

Currently, a volunteer firefighter is allowed an income tax credit of either \$200 or \$400, depending on certification and completion of continuing education. OTC records indicate 2,205 taxpayers claimed the existing Volunteer Firefighter Credit for tax year 2020 for a total credit of approximately \$764,000.

Certification and continuing education requirements for the existing credits do not apply to the additional proposed credit, and based on discussion with the Administrative Director of the Oklahoma State Firefighters Association, approximately 11,000 volunteer firefighters in Oklahoma could qualify for the annual credit of \$500. As a result, the estimated revenue impact of the proposal is a decrease of \$5.5 million in income tax revenue, beginning for FY 25 when the 2024 returns are filed.

¹ The total amount of service credit that may be claimed by married volunteer firefighters who file a married filing joint tax return cannot exceed \$500.