

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1999
Version:	SUBPCS1
Request Number:	7795
Author:	Rep. Boatman
Date:	2/17/2019
Impact:	Tax Commission: Unknown Impact at this Time

Research Analysis

The subcommittee substitute for HB1999 modifies the apportionment formula for computing the net income or loss of a unitary business enterprise with \$500,000 or more in gross income. Effective tax year 2020, any unitary business enterprise with \$500,000 or more in gross income will utilize a one-factor sales formula for determining net income or loss. Those under the \$500,000 gross income threshold will continue to utilize an evenly weighted three-factor apportionment formula, consisting of property, payroll and sales factors.

Prepared By: Quyen Do

Fiscal Analysis

Review from the Tax Commission:

The Proposed Subcommittee Substitute (Req. No. 7795) for HB 1999 proposes to amend 68 O.S. § 2358 relating to adjustments to income by amending the apportionment method to compute Oklahoma corporate income tax.¹

This measure proposes for taxpayers with gross revenues of less than \$500,000.00 for the applicable tax year to continue using the three-factor formula and those with gross revenues of more than \$500,000.00 to use a single factor (single sales factor). The total sales within Oklahoma are divided by the total sales within and without Oklahoma to arrive at the percentage within Oklahoma.

Corporate taxpayer apportionment data is unavailable, so the revenue impact of this measure is unknown. Single sales factor apportionment tends to benefit some taxpayers while burdening others². The revenue forecast for corporate income tax for FY20 is \$248,768,000.³

¹ No tax year was specified in this proposal. The effective date of this measure is November 1, 2019.

² *Single Sales Factor Apportionment May Be Inevitable, But Is It Fair?* Cara Griffith, Tax Analysts <https://www.forbes.com/sites/taxanalysts/2014/09/18/single-sales-factor-apportionment-may-be-inevitable-but-is-it-fair/#77d4553d131c>

³ Oklahoma Tax Commission - *Revenue Forecast for F.Y.2020* – February 14, 2019.

Prepared By: Mark Tygret

Other Considerations

None.

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