



Elimination of Oklahoma Franchise Tax

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Fast Facts

- Corporations pay a tax that is based on the amount of capital invested in Oklahoma
- In 2010, SJR61 placed a moratorium on the Franchise Tax until July 1, 2013
- In lieu of Franchise Tax, businesses were required to pay the Business Activity Tax

Background

The Oklahoma Franchise Tax is a tax that corporations pay based on the amount of capital invested in Oklahoma; essentially a tax for the right to do business in Oklahoma. According to the Oklahoma Tax Commission, corporations are taxed \$1.25 for every \$1000 they invest in Oklahoma. The Franchise Tax goes above and beyond the already existing 6% Corporate Tax assessed on business, making Oklahoma a less attractive place to do business. It especially is hard on small business as often times the cost of compliance is more than the amount the state receives in taxes.

The Franchise Tax puts companies that want to or currently do business in Oklahoma at a huge tax disadvantage and serves as a disincentive for economic development, recruitment, capital investment; and could lead to companies moving their businesses to competing states.

The Franchise Tax stands out as one of the most uncompetitive taxes the state levies; elimination of this tax could be one of the best ways to improve the competitiveness of the Oklahoma tax system and enhance economic growth. Eliminating this tax not only lowers the burden but also simplifies the tax system. That alone easily makes franchise tax worthy of repeal.

Chamber Policy

Eliminate the Franchise tax.