

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB 2617
Version:	Introduced
Author:	Representative Proctor
Date:	February 15, 2010
Impact:	Potential Positive Impact

Bill Summary

Research Analyst: Arnella Karges

The introduced version of HB2617 creates a claw back provision for job creation tax incentive programs. The measure requires any taxpayer receiving incentive payments or tax liability for incentives received under the Oklahoma Quality Jobs Program Act, Small Employer Quality Jobs Incentive Act, Saving Quality Jobs Act, Former Military Facility Development Act, Oklahoma Research Development Incentives Act, investments in manufacturing facilities, ad valorem tax exemption for manufacturing facilities, or future incentive acts, that relocates outside the United States within ten years from receiving the first incentive to repay the state the incentive amount plus a 4.5% penalty.

Fiscal Summary

Fiscal Analyst: Diane Thomas

HB 2617 provides repayments of certain incentive payments and/or reductions in tax liabilities, based upon certain acts within certain time periods. The benefits are paid out in accordance with certain programs, including:

- Quality Jobs Program Act;
- Saving Quality Jobs Act;
- Former Military Facility Development Act;
- Small Employer Quality Jobs Incentive Act;
- Research and Development Incentives Act;
- Investment and new jobs income tax credits; and
- Certain ad valorem tax exemptions.

Fiscal Analysis

The measure requires taxpayers to repay a variety of incentives or tax reductions if the taxpayer relocates outside of the United States. The repayment will occur if the activity for which the incentive or tax reduction was granted is moved within 10 years from the receipt of the initial incentive payment or reduction of tax liability. The repayment will include all of the incentive payments or tax reductions, plus a 4.5% penalty.

The repayment penalty should incentivize retention of these activities within the United States. However, if the activities are moved out of the United States there will be a potential positive impact.

Long Term Fiscal Considerations

The purpose of the existing incentives or tax reductions listed are to incentivize creation of jobs and economic development within the State. The measure looks at a forward period of 10 years, which could provide potential revenue in the future.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director