

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** May 10, 2018

**BILL NUMBER:** HB 3324 **STATUS AND DATE OF BILL:** Enrolled 4/23/2018

**AUTHORS:** House Fetgatter Senate Bice

**TAX TYPE (S):** Quality Jobs **SUBJECT:** Other

**PROPOSAL:** Amendatory

HB 3324 proposes to 1) amend 62 O. S. § 48.2 relating to the *Oklahoma Quick Action Closing Fund*, 2) amend 68 O.S. § 3604 relating to the *Oklahoma Quality Jobs Program Act*, 3) amend 68 O.S. § 3904 relating to the *Small Employer Quality Jobs Incentive Act*, and 4) amend 68 O.S. § 3914 relating to the *21<sup>st</sup> Century Quality Jobs Incentive Act*.

**EFFECTIVE DATE:** August 2, 2018<sup>1</sup>

### REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 18: None

FY 19: None

### ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 18: No additional cost or savings to the Tax Commission due to this proposed legislation.

May 10, 2018

DATE

Rick Miller

DIVISION DIRECTOR

mck

5-10-18

DATE

Reece Womack

REECE WOMACK, ECONOMIST

5-10-18

DATE

Jimmy Miller  
FOR THE COMMISSION

<sup>1</sup> This is based on the legislature having adjourned sine die on May 3, 2018.

## ATTACHMENT TO FISCAL IMPACT – HB 3324 [Enrolled] Prepared May 10, 2018

HB 3324 proposes to 1) amend 62 O. S. § 48.2 relating to the *Oklahoma Quick Action Closing Fund*, 2) amend 68 O.S. § 3604 relating to the *Oklahoma Quality Jobs Program Act*, 3) amend 68 O.S. § 3904 relating to the *Small Employer Quality Jobs Incentive Act*, and 4) amend 68 O.S. § 3914 relating to the *21<sup>st</sup> Century Quality Jobs Incentive Act*.

### CURRENT LAW:

The *Oklahoma Quick Action Closing Fund* (62 O. S. § 48.2) is a continuing fund consisting of:

- All monies apportioned or allocated to the fund pursuant to law.
- Any amounts appropriated by the Legislature to the fund.
- Interest earned on the investment of money in the fund.
- Gifts, grants, and other donations received for the fund.

All monies in the fund may be expended by the Governor for the purposes of economic development and related infrastructure development in instances in which expenditure of such funds would likely be a determining factor in locating a high-impact business project or facility in Oklahoma or in retaining such project or facility<sup>2</sup> within the state.

The *Oklahoma Quality Jobs Program Act* (68 O.S. § 3601 et. seq.), the *Small Employer Quality Jobs Incentive Act* (68 O.S. § 3901 et. seq.) and the *21<sup>st</sup> Century Quality Jobs Incentive Act* are similar incentive programs. All require the Department of Commerce to estimate the net benefit rate to ensure that the amount of the incentives provided do not exceed the estimated net direct state benefits that will accrue to the State of Oklahoma. The programs provide for a cash incentive of up to 5% (there are certain circumstances in which entities can qualify for a net benefit rate as high 6%) of newly created taxable payroll for the creation of “quality jobs” in Oklahoma. The incentives are paid from income tax collections.

### PROPOSED LAW:

This measure would require five percent (5%) of all funds paid by the Tax Commission to establishments that execute contracts for payment of incentives pursuant to the *Oklahoma Quality Jobs Program Act*, the *Small Employer Quality Jobs Incentive Act*, and the *21<sup>st</sup> Century Quality Jobs Act*, on or after the effective date of this act, to be deposited into the *Oklahoma Quick Action Closing Fund*.

No impact on income tax collections is anticipated.

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<sup>2</sup> Eligible entities applying for funding from the *Oklahoma Quick Action Closing Fund* must be engaged in a business activity described by a North American Industry Classification System (NAICS) Code used to define eligibility for incentive payments from the *Oklahoma Quality Jobs Program Act* or be engaged in a “basic industry” used to define eligibility for incentive payments from the *21<sup>st</sup> Century Quality Jobs Incentive Act*.