

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** February 7, 2018

**BILL NUMBER:** SB 893 **STATUS AND DATE OF BILL:** Introduced 12/20/17

**AUTHORS:** House n/a Senate Quinn

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

**PROPOSAL:** Amendatory

SB 893 proposes to amend 68 O.S. § 2357.4 which relates to the Investment / New Jobs Income Tax Credit. This measure proposes to remove the expiration of the statewide cap of \$25 million dollars and amend how the cap is administered.

**EFFECTIVE DATE:** Emergency - Upon Passage and Approval

### REVENUE IMPACT:

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

FY 19: -0-

FY 20: -0-

### ADMINISTRATIVE IMPACT:

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

FY 19: None

Feb. 7, 2018  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

2-7-18  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2-10-18  
DATE

Jim Mat  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT – SB 893 [Introduced] Prepared February 7, 2018

SB 893 proposes to amend 68 O.S. § 2357.4 which relates to the Investment / New Jobs Income Tax Credit. This measure proposes to remove the expiration of the statewide cap of \$25 million dollars and amend how the cap is administered.

Under current law, manufacturers, entities engaged in aircraft maintenance and web search portal firms are eligible for a non-refundable income tax credit for either an investment in depreciable property or for the addition of full-time equivalent employees<sup>1</sup>. Generally the credit is one percent of the amount of investment in depreciable property or \$500.00 per new job<sup>2</sup>. The credit is allowed for the tax year the investment is made or when the increase in jobs occurs and is also allowed in each of the four subsequent years if the level of new employees is maintained or the qualified property is not sold, disposed of or transferred. Any credit allowed but not used may be carried over in order to each of the four (4) years following the year of qualification and to the extent not used in those years in order to each of the fifteen (15) years following the initial five-year period. To the extent not used, any credit from qualified depreciable property placed in service on or after January 1, 2000, may be utilized in subsequent tax years after the initial twenty-year period. Effective for tax years 2016 through 2018, there is a statewide cap of \$25 million dollars on this credit.

Under this measure, the statewide cap of \$25 million dollars on this credit is extended indefinitely. This measure also amends the calculation of how the cap is administered by changing the lookback period from two years to one year.<sup>3</sup>

There is an unknown impact to income tax collections in FY19 and FY20 as a result of this measure.

---

<sup>1</sup> Web Search Portal firms are only eligible for the investment component of this credit.

<sup>2</sup> Credits double (2% of the amount of investment in depreciable property or \$1000.00 per new job) if the entity is located in an enterprise zone or if the initial investment is in excess of \$40 million.

<sup>3</sup> The two year lookback is necessary due to the timing of how income tax returns are filed. A one year lookback is administratively problematic.