

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 22, 2018

BILL NUMBER: SB 897 **STATUS AND DATE OF BILL:** Introduced 12/20/17

AUTHORS: House n/a Senate Thompson

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

PROPOSAL: Amendatory and Repealer

SB 897 proposes to 1) amend 68 O. S. § 3603(B)(1)-(3) relating to the *Oklahoma Quality Jobs Program Act* and 2) repeal the *Saving Quality Jobs Act* (68 O.S. § 3701 – 3712).

EFFECTIVE DATE: November 1, 2018

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.

1-24-18
DATE

Joseph P. Hays
DIVISION DIRECTOR

mck

1-24-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

1-24-18
DATE

Jimmy White
FOR THE COMMISSION

SB 897 proposes to 1) amend 68 O. S. § 3603(B)(1)-(3) relating to the *Oklahoma Quality Jobs Program Act* and 2) repeal the *Saving Quality Jobs Act* (68 O.S. § 3701 – 3712).

CURRENT LAW & PROPOSED LAW CHANGES:

68 O. S. § 3603(B)(1)-(3) in the *Oklahoma Quality Jobs Program Act* relates to the duties of the Incentive Approval Committee, specifically relating to the Committee's duty to determine the eligibility of certain applicants to the Quality Jobs Program. This measure proposes to require the Incentive Approval Committee to determine eligibility for all applicants to the Quality Jobs Program.

68 O.S. §§ 3701 – 3712 implement the *Saving Quality Jobs Act*.

The *Saving Quality Jobs Act* provides that establishments which qualify for incentive payments pursuant to the *Oklahoma Quality Jobs Program Act* are entitled to claim quarterly premium payments for a period of three (3) years if the establishment meets either of the following qualifications:

1. The establishment is certified by the Oklahoma Department of Commerce and confirmed by the Governor that it has demonstrated that its existing jobs are at risk. In order to qualify for the premium, the establishment must create one new job for each at-risk job saved.
2. The establishment is engaged in an industry which is strategically important to the general economic development of this state due to its impact upon factors such as labor, other establishments in the same or related industries, demand for component or material supplies and other factors which may be determined by rule of the Department of Commerce. Provided, that those industries classified and defined in the Standard Industrial Classification (SIC) Manual¹, latest version, as follows shall be considered strategic for purposes of this *Saving Quality Jobs Act*:
 - a. Electronic components, SIC 3675
 - b. Miscellaneous plastics products, SIC 3070
 - c. Central administrative offices, (no SIC Code)
 - d. Instruments and related products, SIC 38
 - e. Chemicals including pharmaceuticals, SIC 28
 - f. Engineering and architectural services, SIC 871
 - g. Aircraft and parts manufacturing, SIC 372
 - h. Research and testing services, SIC 873

This measure proposes to repeal the *Saving Quality Jobs Act*.

FISCAL IMPACT:

The requirement that the Incentive Approval Committee determine eligibility for all applicants to the Quality Jobs Program should have no change in tax collections. Repealing the *Saving Quality Jobs Act* should also have no impact on tax collections².

¹ Standard Industrial Classification code was supplanted by the six-digit North American Industry Classification System (NAICS code) in 1997.

² No establishments are currently receiving benefits under the *Saving Quality Jobs Act*. Source: Oklahoma Tax Commission AMD records.