

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 2933
Version:	INT
Request Number:	10703
Author:	Rep. Branham
Date:	2/16/2020
Impact:	Tax Commission: Unknown Decrease in Collections

Research Analysis

HB2933, as introduced, provides an income tax credit to qualified employees whose work involves alternative energy research or biomedical research. The tax credit is \$5000 per year and may be claimed by qualified employee for up to 5 years.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 2933 proposes to enact a new income tax credit for a qualified employee¹ in a qualifying occupation, which is defined under this measure as:

- Alternative energy research as described by Industry No. 237130² of the North American Industry Classification System with respect to solar energy, wind energy, biomass, geothermal energy, hydroelectric power or other nonfossil fuel-based energy systems and exclusive of production of electric power by means of nuclear fission; or
- Biomedical research as described by Industry No. 54714³ of the North American Industry Classification System.

For taxable years beginning on or after January 1, 2021, and ending not later than December 31, 2025, a qualified employee engaged in a qualifying occupation shall be allowed an income tax credit of up to \$5,000 per year for a period of time not to exceed five years. The credit is nonrefundable and may be carried over for five consecutive tax years.

Oklahoma Tax Commission records indicate 185 companies are operating under NAICS Industry 237130, with a total of 1,083 employees⁴. Because NAICS Industry 237130 includes both establishments eligible as a qualified occupation⁵ and establishments not eligible as a qualified occupation⁶, it is unknown how many employees might qualify for the tax credit.

The population of employees who may be affected by this proposal is unknown. The expected revenue impact is an unknown decrease in income tax collections for tax year 2021. A decrease in withholding and estimated tax payments are anticipated in FY 21; the full impact would occur in FY 22 when the 2021 returns are filed.

¹ Qualified employee is not specifically defined in this measure.

² Industry No. 237130 Power and Communication Line and Related Structures Construction. This industry comprises establishments primarily engaged in the construction of power lines and towers, power plants, and radio, television, and telecommunications transmitting/receiving towers. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this industry if they are engaged in activities primarily related to power and communication line and related structures construction. All structures (including buildings) that are integral parts of power and communication networks (e.g., transmitting towers, substations, and power plants) are included.

³ Industry No. 54714 is not a valid 2017 NAICS code.

⁴ If all 1,083 employees qualify for the credit, an estimated decrease in income tax revenue of \$5,415,000 would occur in tax year 2021.

⁵ Alternative energy (e.g., geothermal, ocean wave, solar, wind).

⁶ Power line stringing, Cellular phone tower construction, Radio transmitting tower construction, Co-generation plant construction, Satellite receiving station construction, Communication tower construction, Nuclear power plant construction, Telephone line stringing, Electric light and power plant (except hydroelectric) construction, Transformer station and substation, electric power, construction, Electric power transmission line and tower construction and Underground cable (e.g., cable television, electricity, telephone) laying.

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Other Considerations

None.