

**Fiscal Impact**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Author:**  
**Date:**

**SB 1109**  
**INT**  
**Sen. Dahm**  
**02/06/2020**

**OKLAHOMA TAX COMMISSION**

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** January 13, 2020

**BILL NUMBER:** SB 1109 **STATUS AND DATE OF BILL:** Introduced Bill 12/9/2019

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

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

**PROPOSAL:** New Law

SB 1109 proposes to enact a new, non-refundable income tax credit for qualified fees required for an individual taxpayer to obtain and renew a license or certification in an occupation, when such license or certification is lawfully required to work in Oklahoma. Effective for taxable years beginning after December 31, 2020, the credit may be claimed by an individual taxpayer who is not subject to license suspension or revocation during the tax year for which the credit is claimed.

**EFFECTIVE DATE:** January 1, 2021

**REVENUE IMPACT:**

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

FY 21: -0-

FY 22: Estimated decrease of \$133,800,000 in income tax collections.

<u>Jan. 15, 2020</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	bdf
<u>1/15/2020</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>1/23/2020</u> DATE	<u>[Signature]</u> FOR THE COMMISSION	

*The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

## ATTACHMENT TO REVENUE IMPACT: SB 1109 [INTRODUCED] 1/13/2020

SB 1109 proposes to enact a new, non-refundable income tax credit for qualified fees required for an individual taxpayer to obtain or renew a license or certification in an occupation, when such license or certification is lawfully required to work in Oklahoma. Qualified fees include fees and charges that are assessed by an entity responsible for administering an examination, conferring or renewing a license or certification, and providing continuing education courses required by state law to maintain an existing license or certification. Effective for taxable years beginning after December 31, 2020, the credit may be claimed by an individual taxpayer who is not subject to license suspension or revocation during the tax year for which the credit is claimed.<sup>1</sup>

To estimate the potential revenue effect of this proposal, the 2018 Oklahoma Licensed and Certified Occupations<sup>2</sup> handbook was obtained from the Oklahoma Employment Securities Commission (OESC). The occupations included in the handbook are limited to those requiring licensure based upon successful completion of an examination and/or those requiring a licensing fee. When possible, these occupations were matched to the OESC's Occupational Employment Statistics<sup>3</sup>, which include employment and wage estimates for 2016, as well as projected estimates for 2026. Initial licensure, renewal, and continuing education fees were calculated for each matched occupation, based on the fees detailed in the handbook and on prorated employment estimates for 2021.

No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$133,800,000 in income tax collections is expected in FY22 when the 2021 returns are filed.<sup>4</sup>

<sup>1</sup> Employers who pay employees' fees for maintaining professional licenses and certifications may claim the related expense as a deduction from taxable income. Under this proposal, it may be possible for employees to claim the same expense as income tax credits.

<sup>2</sup> See [https://www.ok.gov/oesc/Labor\\_Market/Occupational\\_Employment\\_Statistics/Oklahoma\\_Licensed\\_and\\_Certified\\_Occupations/index.html](https://www.ok.gov/oesc/Labor_Market/Occupational_Employment_Statistics/Oklahoma_Licensed_and_Certified_Occupations/index.html).

<sup>3</sup> See [https://www.ok.gov/oesc/Labor\\_Market/Occupational\\_Employment\\_Statistics/index.html](https://www.ok.gov/oesc/Labor_Market/Occupational_Employment_Statistics/index.html).

<sup>4</sup> Certain occupations requiring licensure that could qualify for an income tax credit under this proposal were not listed in the OESC's occupations handbook, and were not included in our analysis (e.g. bartenders and truck drivers).