

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 4085</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>10657</b>
<b>Author:</b>	<b>Chairman Wallace</b>
<b>Date:</b>	<b>3/2/2022</b>
<b>Impact:</b>	<b>Tax Commission:</b>

**PRELIMINARY AND PENDING**

**Pending Impact Estimate**

**Research Analysis**

The proposed committee substitute creates the Oklahoma Rural Jobs Act, which provides a tax credit to investors who make capital investments into a eligible rural fund certified by the Oklahoma Tax Commission (OTC). The tax credit is equal to a percentage of the capital investment and may be claimed for a period of 6 years. The percentage is 0 percent for the first two years, and 15 percent for the subsequent four years. Credits awarded under the act are nonrefundable, but may be carried forwarded for up to five subsequent tax years. Credits are capped at \$15 million per year and can be claimed beginning tax year 2023. The measure also outlines application, reporting, and investment requirements for rural funds.

To become a certified rural fund, applicants must pay a \$5000 nonrefundable application fee and submit the following information to the OTC:

- the amount of capital investment requested;
- a copy of the applicant's license as a rural business or small business investment company;
- evidence that the applicant has made at least \$100 million in investments in nonpublic companies located in counties throughout the United States with a population less than 75,000; and
- a business plan that includes a revenue-impact assessment that estimates the amount of state and local revenue to be generated and the number of jobs that will be created and retained by the proposed qualified investments.

Reporting requirements include submitting an annual report to the OTC that lists the name and location of each eligible business receiving a qualified investment, the number of jobs created and jobs retained as a result of qualified investments, the average salary of such jobs, and any other information requested by the OTC.

The measure also directs the OTC to recapture awarded credits if the rural fund does not invest sixty percent of its capital investment authority in qualified investments within two years of the date of the capital investment, and one hundred percent of its capital investment authority within three years. Furthermore, at least 70 percent of the initial qualified investment must be made in businesses located in rural areas. A *rural area* is defined as any county in the state with a population of less than 75,000 or a city or town with a population less than 7,000. Click [here](#) to view an interactive map of the cities/towns or counties that meet the definition.

Prepared By: Quyen Do, Interactive Map Courtesy of Tricia Hines

**Fiscal Analysis**

The Tax Commission is undertaking a review of the measure to determine the reimbursement requirements. Previous verbal discussions (unofficial) indicated the potential for reimbursement of previous payment

Prepared By: Mark Tygret

**Other Considerations**

None.