

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 12, 2022

BILL NUMBER: SB 1658 STATUS AND DATE OF BILL: Introduced 1/20/2022

AUTHORS: House n/a Senate Kirt

TAX TYPE (S): Quality Jobs SUBJECT: Other

PROPOSAL: Amendatory

SB 1658 proposes to amend 68 O.S. § 3603; 68 O.S. § 3604 and 68 O.S. §3604.1 all relating to the *Oklahoma Quality Jobs Program Act* by changing the required average annualized wage requirements. This measure also amends the maximum average wage requirements for applications received after December 31, 2022.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

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

FY 23: -0-

FY 24: -0-

Feb. 12, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/15/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/25/2022
DATE

[Signature]
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 1658 [Introduced] Prepared 2/12/2022

SB 1658 proposes to amend 68 O.S. §§ 3603, 3604 and 3604.1, relating to the *Oklahoma Quality Jobs Program Act*¹ by changing the required average annualized wage requirements.² This measure also amends the maximum average wage requirements for applications received after December 31, 2022.

Under current law,

- Section 3603: An establishment entering the *Oklahoma Quality Jobs Program Act* as the result of a change-in-control event shall be required to maintain a level of new direct jobs as agreed to in its contract with the Oklahoma Department of Commerce (Commerce) and to pay new direct jobs an average annualized wage which equals or exceeds 125% of the average county wage as that percentage is determined by the Commerce based upon the most recent U.S. Department of Commerce data for the county in which the new jobs are located.
- Sections 3604 and 3604.1: An establishment is required to pay new direct jobs an average annualized wage which equals or exceeds 110% of the average county wage as determined by Commerce based on the most recent U.S. Department of Commerce data for the county in which the new direct jobs are located (health care premiums paid by the applicant for individuals in new direct jobs shall be included in the annualized wage) or 100% of the average county wage as that percentage is determined by Commerce based upon the most recent U.S. Department of Commerce data for the county in which the new jobs are located (health care premiums paid by the applicant for individuals in new direct jobs shall not be included in the annualized wage).
- Sections 3604 and 3604.1: The average wage of newly created jobs must be greater than or equal to the lesser of the average county wage, or the state threshold wage calculated by Commerce, which is currently \$35,376.

This measure:

- Amends the definition of "change-in-control event" in Section 3603(2): An establishment entering the *Oklahoma Quality Jobs Program Act* as the result of a change-in-control event shall be required to maintain a level of new direct jobs as agreed to in its contract with Commerce and to pay new direct jobs an average annualized wage of 125% of the average county wage, for the county in which the new jobs are located, or 100% of the average state wage for an application submitted by an establishment on or after January 1, 2023, whichever is greater.
- Amends Section 3604(F) and 3604.1(D):
 - For applications submitted on and after January 1, 2023, in order to qualify to receive QJ incentive payments, an establishment shall be required to pay new direct jobs an average annualized wage which equals or exceeds 100% of the average county wage for the county in which the new jobs are located or 100% of the average state wage, whichever is greater, as that percentage is determined by Commerce based upon the most recent U.S. Department of Commerce data. Health care premiums paid by the applicant for individuals in new direct jobs shall not be included in the annualized wage.
 - Eliminates the statewide threshold wage requirement effective for applications received after December 31, 2022.

No changes in revenue are anticipated as a result of this proposal due to the revenue neutral features of the *Oklahoma Quality Jobs Program Act*.

¹ The provisions of 3604.1 are specific to allow qualified federal contractors to receive quarterly incentive pursuant to the provisions of the *Oklahoma Quality Jobs Program Act*.

² The typical term for incentive payments under the *Oklahoma Quality Jobs Program Act* is 10 years.