

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** May 19, 2021

**BILL NUMBER:** SB 915

**STATUS AND DATE OF BILL:** Conference Committee Substitute 5/18/21

**AUTHORS:** House Caldwell

Senate Howard & Hall

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

**SUBJECT:** Deduction

**PROPOSAL:** New Law

The Conference Committee Substitute for SB 915 proposes to enact a new income tax deduction for qualified equity investments in an eligible Oklahoma venture capital company. The deduction, available for tax years 2022 through 2026, may not exceed \$25 million by an accredited investor during a taxable year and may not reduce Oklahoma taxable income below zero. No carryover of the deduction is allowed.

**EFFECTIVE DATE:** November 1, 2021

### REVENUE IMPACT:

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

FY 22: Unknown decrease in income tax collections.

FY 23: Unknown decrease in income tax collections.

May 20, 2021 Rick Miller  
DATE DIVISION DIRECTOR

mck

5/20/2021 Huan Gong  
DATE HUAN GONG, ECONOMIST

5/20/21 [Signature]  
DATE FOR THE COMMISSION

*The estimated 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 915 [Conference Comm. Sub] - Prepared  
5/19/21**

The Conference Committee Substitute for SB 915 proposes to enact a new income tax deduction for qualified equity investments in an eligible Oklahoma venture capital company.<sup>1</sup> The deduction, available for tax years 2022 through 2026, may not exceed \$25 million by an accredited investor during a taxable year and may not reduce Oklahoma taxable income below zero. No carryover of the deduction is allowed.

The Oklahoma Department of Commerce is authorized to promulgate rules to enforce the provisions of this proposal and is required to annually publish a report on this program.

There is no data available to estimate the amount of qualified equity investments in eligible Oklahoma venture capital companies. It is likely accredited investors will reduce their withholding or estimated tax payments in 2022, resulting in a decrease in income tax collections as early as FY22.

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<sup>1</sup> Although eligible Oklahoma business venture is defined, there appears to be no requirement that the eligible Oklahoma venture capital company actually invest in eligible Oklahoma business ventures (or in any ventures) in order for the accredited investors to qualify for the proposed deduction.