

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 13, 2021

BILL NUMBER: SB 938 STATUS AND DATE OF BILL: Introduced 1/21/21

AUTHORS: House n/a Senate Hall

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 938 proposes to amend 68 O.S. §2357.302 relating to the tuition reimbursement component of the Credit for Employers in the Aerospace Sector. SB 938 also proposes to amend 68 O.S. §2357.404 relating to the Credit for Tuition Reimbursement for Employers in the Vehicle Manufacturing Industry. This measure would sunset both credits effective for tax year 2022 and subsequent tax years.

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: None.

FY 23: None.

Feb. 13, 2021
DATE

Rick Miller
DIVISION DIRECTOR

mck

2/13/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/13/21
DATE

Jay Doyle
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 938 [Introduced] Prepared 2/13/2021

SB 938 proposes to amend 68 O.S. §2357.302 relating to the tuition reimbursement component of the Credit for Employers in the Aerospace Sector. SB 938 also proposes to amend 68 O.S. §2357.404 relating to the Credit for Tuition Reimbursement for Employers in the Vehicle Manufacturing Industry. This measure would sunset both credits effective for tax year 2022 and subsequent tax years.

Section 1 - Credit for Employers in the Aerospace Sector

Under current law for tax years 2009 through 2025 a qualified aerospace employer¹ is allowed an income tax credit for 50% of the tuition reimbursed to a *qualified employee* for the first through fourth years of employment. Unused credits may not be carried forward.

This proposal sunsets this credit effective for tax year 2022 and subsequent tax years. A review of Oklahoma Tax Commission records indicate this credit has not been used.

Section 2 - Credit for Tuition Reimbursement for Employers in the Vehicle Manufacturing Industry

Under current law for tax years 2019 through 2025, a qualified vehicle manufacturing or automotive parts manufacturing employer is allowed an income tax credit for tuition reimbursement to a qualified employee. The amount of the credit is 50% of the tuition reimbursed to a qualified employee for the first through fourth years of employment.

This proposal sunsets this credit effective for tax year 2022 and subsequent tax years. Tax year 2019 is the first tax year this credit was available. Preliminary tax year 2019 data indicates this credit has not been used.

¹ This is an addition the income tax credit for compensation paid to a qualified employee for the first through fifth years of employment. This credit is either 10% of compensation paid if the qualified employee graduated from an institution located in Oklahoma, or 5% of compensation paid if the qualified employee graduated from an institution located outside Oklahoma. In addition a qualified (aerospace) employee is allowed an income tax credit of up to \$5,000 per year for a period of time not to exceed 5 years. Any unused credit may be carried over to 5 subsequent taxable years.