

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB4038
Version:	Introduced
Request Number:	9075
Author:	Rep. Townley
Date:	2/16/2024
Impact:	FY25: Unknown decrease in revenue
	FY26: Unknown decrease in revenue

Research Analysis

HB4038 creates a temporary income tax credit for wages paid by a qualified manufacturer employer to a employee that was laid off by a qualified manufacturing plant within the last 12 months. The credit is equal to 50% of the gross wages, limited to \$50,000 per employee and \$500,000 per employer.

The measure also provides a temporary income tax credit for qualified employees to reimburse them for up to \$5000 in commuting expenses to the location of a qualified manufacturing employer. The credit is the number miles traveled, up to 120 miles per day, multiplied by the state mileage reimbursement rate.

Both credits are claimable during tax year 2025 for wages paid or travel occurring on or after June 1, 2024.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB4038 propose to create an income tax credit for eligible wages paid by a qualified manufacturing employer to an eligible employee that was laid off by a qualified manufacturing plant within the last 12 months. The measure also creates an income tax credit for an eligible employee for actual travel expenses incurred in commuting to the location of a qualified manufacturing employer.

Analysis by the Oklahoma Tax Commission:

REVENUE IMPACT:

The actual number of Oklahoma manufacturing employee layoffs for 2024 and the corresponding wage and travel amounts is unknown.

FY 25: Estimated unknown decrease in individual and corporate income tax revenue.

FY 26: Estimated unknown decrease in individual and corporate income tax revenue.

ANTICIPATED IMPACT:

Internet research indicates at least two Oklahoma manufacturing facilities are planning employee lay-offs for 2024, affecting potentially 1,501 – 1,650 employees.² Research further indicates that the average annual manufacturing production salary in Oklahoma was approximately \$33,000 for 2023.³ Based on this information, estimated credits for eligible wages may be expected to range from \$24.8 million to \$27.2 million, and estimated credits for travel expenses may be expected to range from \$7.5 million to \$8.3 million.

However, the actual number of Oklahoma manufacturing employee layoffs for 2024 and the corresponding wage and travel credit amounts is unknown. As a result, the expected impact of the proposal is an unknown decrease in individual and corporate income tax for FY 2025 and 2026.⁴

Prepared By: Zach Penrod

Other Considerations

None.