

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 15, 2024

BILL NUMBER: SB 1485 **STATUS AND DATE OF BILL:** Introduced 12/18/23

AUTHORS: House: N/A Senate: Garvin

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

PROPOSAL: New Law

SB 1485 proposes a new law requiring a nursing facility licensed by the Oklahoma State Department of Health (OSDH) to maintain liability insurance coverage of at least \$1 million for each occurrence of negligence.¹ The proposal further creates a new income tax credit for 50% of the premiums paid for liability insurance coverage of at least \$1 million and 25% of the premiums paid for liability insurance coverage of at least \$500,000 but less than \$1 million for qualifying facilities, effective for tax year 2025 and subsequent tax years.² Unused credits may be carried forward for three tax years.

EFFECTIVE DATE: August 30, 2024³

REVENUE IMPACT:

A directory of OSDH-licensed nursing facilities dated January 17, 2023,⁴ includes 414 facilities. Information to estimate the average insurance expense paid by each OSDH-licensed facility is not available.

FY 25: Unknown decrease in income tax revenue.

FY 26: Unknown decrease in income tax revenue.

1/15/24

DATE

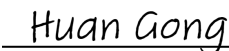


MARIE SCHUBLE, DIVISION DIRECTOR

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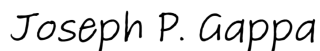
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HUAN GONG, ECONOMIST

1/16/2024

DATE



JOSEPH GAPPA, 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.

¹ The OSDH currently requires a continuum of care facility or assisted living center to carry liability insurance under OAC 310:663-17-7 (see <https://rules.ok.gov/code>). The rules do not specify whether coverage must include negligence.

² Insurance premiums are generally 100% deductible as a business expense from taxable income.

³ No effective date is specified in this measure. The August 30, 2024, effective date assumes the Legislature adjourns sine die as presently scheduled on May 31, 2024.

⁴ See <https://oklahoma.gov/content/dam/ok/en/health/health2/aem-documents/protective-health/hrds/health-facility-systems/directory-of-facilities/directoryoffacilities-alpha-nf.pdf>.