

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 14, 2023

BILL NUMBER: SB 315

STATUS AND DATE OF BILL: Committee Sub 2/13/2023

AUTHORS: House n/a Senate Rader

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

PROPOSAL: Amendatory

SB 315 proposes to amend 68 O.S. § 2357.4 relating to the Oklahoma Investment / New Jobs Credit effective for tax year 2024 and subsequent tax years.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 23: None

FY 24: Unknown

Feb. 14, 2023
DATE

Rick Miller
DIVISION DIRECTOR mk

2/14/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/14/2023
DATE

Joseph P 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.

ATTACHMENT TO REVENUE IMPACT STATEMENT – SB 315 [Comm. Sub.]
Prepared 2/14/2023

SB 315 proposes to amend 68 O.S. § 2357.4 relating to the Oklahoma Investment / New Jobs Credit effective for tax year 2024 and subsequent tax years.

Under current law there is an income tax credit for either an investment in depreciable property¹ used in a manufacturing or processing facility or for a net increase in average levels of employment in said facilities. Any credit allowed but not used may be carried over in order to each of the four years following the year of qualification and, to the extent not used in those years, in order to each of the fifteen years following the initial five-year period; however, for investments in property made on or after January 1, 2000, the carryover period is unlimited. The credit for the investment portion is generally 1% of the investment in depreciable property per year for 5 years; under certain conditions² that amount is increased to 2%.

This measure eliminates the jobs component of the credit effective for tax year 2024 and subsequent tax years. Additionally, the carryover period of unused credit for property placed in service on or after January 1, 2024 would be reduced to seven years after the initial five- year credit period provided the taxpayer files a claim on a form prescribed by the Tax Commission attesting to whether the property is still in use.

The impact of this measure is unknown.

¹ The investment cannot directly result in the loss of jobs.

² To qualify for the 2% investment in qualified depreciable property with a total cost equal to or greater than \$40 million must be made within 3 years from the date of initial qualifying expenditure and placed in service in this state during those years for use in the manufacture of products described by any Industry Number contained in Division D of Part I of the Standard Industrial Classification (SIC) Manual. Investment in Enterprise Zones also doubles the credit to 2% per 62 O.S. § 690.4.