

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 1, 2023

BILL NUMBER: SB 383 **STATUS AND DATE OF BILL:** Introduced 1/15/2023

AUTHORS: House n/a Senate Bergstrom

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

PROPOSAL: Amendatory

SB 383 proposes to amend 68 O.S. § 2358 relating to the income tax exemption for technology transfers by corporations to small businesses.

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: None

Feb 5, 2023
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/6/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/7/2023
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 383 [Introduced]
Prepared 2/1/2023

SB 383 proposes to amend 68 O.S. § 2358 relating to the income tax exemption for technology transfers by corporations to small businesses.

Under current law royalty payments of up to 10% of the amount received for transfers of technologies to qualified Oklahoma small businesses are exempt from taxable income of corporations.

This measure would require the transferor corporation to annually apply to the Oklahoma Department of Commerce (Commerce) in order to claim the income tax exemption beginning with tax year 2024 and subsequent tax years. The application¹ must include:

- Gross proceeds generated from assets and employees in this state for the previous tax year
- Employment levels and total annual payroll in this state for the previous tax year
- An estimated amount of exemption that will be claimed if the corporation is applying to receive the first tax year exemption
- The amount of exemption claimed in the previous tax year if the corporation is applying to receive subsequent tax year exemption

Further Commerce must determine if the corporation has provided the required information and is eligible to claim the exemption.

Commerce must notify the Tax Commission upon an affirmative determination the corporation has met the application requirements. Commerce must also notify the Tax Commission of all eligible applicants by the end of the tax year.

¹ Commerce must provide an application deadline that provides them sufficient time to determine an applicant's eligibility and provide the required notification to the Tax Commission