

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 31, 2023

BILL NUMBER: SB 581 **STATUS AND DATE OF BILL:** Introduced 1/17/23

AUTHORS: House: n/a Senate: Montgomery

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

PROPOSAL: New Law

SB 581 proposes to create a new income tax credit for a qualified employer for the purchase of an employee disability insurance premium, effective for tax year 2024 and subsequent tax years.¹ The credit is \$75 for each employee that is provided coverage. To claim the credit, an employer must have at least five employees, and the policy must be fully paid by the employer and include coverage for spousal income.

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 24: None.

FY 25: Unknown decrease in income tax revenue.

<u>Feb. 5, 2023</u>	<u>Rick Miller</u>	
DATE	DIVISION DIRECTOR	bf
<u>2/6/2023</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>2/7/2023</u>	<u>Joseph P Gappa</u>	
DATE	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 Employee insurance premiums are typically deductible by employers to calculate taxable income.

ATTACHMENT TO REVENUE IMPACT - SB 581 [Introduced] Prepared 1/31/23

SB 581 proposes to create a new income tax credit for a qualified employer for the purchase of an employee disability insurance premium, effective for tax year 2024 and subsequent tax years.² The credit is \$75 for each employee that is provided coverage. To claim the credit, an employer must have at least five employees, and the policy must be fully paid by the employer and include coverage for spousal income.

The revenue impact of this proposal is an unknown decrease in income tax revenue for FY 25 when the 2024 returns are filed.

² Employee insurance premiums are typically deductible by employers to calculate taxable income.