



BILL/VERSION:	SB 326 / INTRODUCED	ANALYST: TB
AUTHORS:	Sen. Deever	DATE: 1/28/2025
TAX(ES):	Income Tax	
SUBJECT(S):	Credit	
EFFECTIVE DATE:	November 1, 2025	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: \$0

FY27: Estimated decrease of income tax collections of \$131.2 million.

ANALYSIS: SB 326 proposes a new, non-refundable income tax credit for qualified fees required for an individual taxpayer to obtain or renew a license or certification in an occupation, when such license or certification is lawfully required to work in Oklahoma.

Qualified fees include fees and charges that are assessed by an entity responsible for administering an examination, conferring or renewing a license or certification, and providing continuing education courses required by state law to maintain an existing license or certification. Effective for tax year 2026, the credit may be claimed by an individual taxpayer who is not subject to license suspension or revocation during the tax year for which the credit is claimed.ⁱ

To estimate the potential revenue effect of this proposal, the 2018 Oklahoma Licensed and Certified Occupationsⁱⁱ handbook was obtained from the Oklahoma Employment Securities Commission (OESC). The occupations included in the handbook are limited to those requiring licensure based upon successful completion of an examination and/or those requiring a licensing feeⁱⁱⁱ. When possible, these occupations were matched to the OESC's Occupational Employment Statistics^{iv}, which include employment and wage estimates for 2023, as well as projected estimates for 2025. Initial licensure, renewal, and continuing education fees were calculated for each matched occupation, based on the fees detailed in the handbook and on prorated employment estimates for 2026.

<u>1/29/25</u>	<u>Huan Gong</u>
DATE	DR. HUAN GONG, CHIEF TAX ECONOMIST
<u>1/30/25</u>	<u>Marie Schuble</u>
DATE	MARIE SCHUBLE, DIVISION DIRECTOR
<u>1/31/25</u>	<u>Joseph P. Gappa</u>
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.



No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$131.2 million in income tax collections is expected in FY27 when the 2026 returns are filed.^v

The estimated revenue decrease of \$131.2 million for FY27 hinges on the assumption that all qualified taxpayers will claim the full amount of the credit and that the total fee costs per taxpayer are consistent with the fee schedules included in the 2018 Oklahoma Licensed and Certified Occupations handbook.

Professional License Categories	# of Licensees 2023	Estimated # of Licensees 2025	Total cost of licenses
Accountants and Auditors	833,660	846,820	\$ 14,816,205
Engineers & Architects	75,470	76,360	\$ 4,838,805
Psychologists	79,360	80,920	\$ 1,628,500
Counselors, Social Workers, Other Specialists	61,820	62,640	\$ 12,686,650
Lawyers & Judges	215,110	217,250	\$ 6,534,550
Teachers	399,180	406,790	\$ 34,939,525
Medical Providers	137,830	142,260	\$ 34,709,825
Medical Technicians/Assistants	318,100	328,230	\$ 2,226,633
Law Enforcement/Security	710,920	718,980	\$ 14,892,140
Pesticide Handlers, Sprayers, and Applicators	160	160	\$ 99,200
Animal Trainers	900	920	\$ 36,800
Morticians, Undertakers, Funeral Arrangers	350	340	\$ 25,500
Personal Grooming	487,250	489,310	\$ 142,750
Sales Agents	1,085,160	1,084,390	\$ 268,700
Trades (Electric, plumbing, welding, etc.)	1,108,990	1,118,270	\$ 3,382,165
Total	9,562,710	9,667,130	\$ 131,227,948

ⁱ Employers who pay employees' fees for maintaining professional licenses and certifications may claim the related expense as a deduction from taxable income. Under this proposal, it may be possible for employees to claim the same expense as income tax credits.

ⁱⁱ <https://oklahoma.gov/content/dam/ok/en/oesc/documents/labor-market/publications/occupation-and-wages/oklahoma-licensed-certified-occupations-2018.pdf>

ⁱⁱⁱ An effort was made to exclude occupations from the employment figures where a license or certification is not universally required to work in Oklahoma. However, some occupations may still include individuals who do not hold a certification or license. For example, employment figures for auditors and accountants were adjusted to reflect that only approximately 30% of individuals in these occupations obtain and maintain the required licenses. <https://ipassthecpaexam.com/number-of-cpa>

^{iv} <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Foklahoma.gov%2Fcontent%2Fdam%2Fok%2Fen%2Foesc%2Fdocuments%2Flabor-market%2Fwage-occupation-and-industry-reports%2Findustry-and-occupational-employment-projections%2Fshort-term-employment-forecast%2Fok-industry-occupational-projections-2023-2025.xlsx&wdOrigin=BROWSELINK>

^v Certain occupations requiring licensure that could qualify for an income tax credit under this proposal were not listed in the OESC's occupations handbook, and were not included in our analysis (e.g. bartenders and truck drivers).