

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 24, 2022

BILL NUMBER: HB 4085 STATUS AND DATE OF BILL: Engrossed 3/9/2022

AUTHORS: House Wallace and Dempsey Senate Howard

TAX TYPE (S): Multiple SUBJECT: Credit

PROPOSAL: New Law

Engrossed HB 4085 proposes to enact the *Oklahoma Rural Jobs Act* which authorizes the Tax Commission to certify certain capital investments in a rural fund eligible for tax credits.

EFFECTIVE DATE: November 1, 2022

### REVENUE IMPACT:

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

FY 23: Unknown decrease in income tax collections.  
FY 24: Unknown decrease in income tax collections.

Apr. 5, 2022

DATE

Rick Miller

DIVISION DIRECTOR

mk

4/5/2022

DATE

Huan Gong

HUAN GONG, ECONOMIST

4/7/2022

DATE

[Signature]

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 – HB 4085 [Engrossed] Prepared 3/24/2022

Engrossed HB 4085 proposes to enact the *Oklahoma Rural Jobs Act* which authorizes the Tax Commission to certify certain capital investments in a rural fund eligible for tax credits.<sup>1</sup>

This measure proposes to enact a new non-refundable, non-saleable<sup>2</sup> Oklahoma tax credit. The Tax Commission is required to authorize capital investments eligible for no more than \$15,000,000 in tax credits in any fiscal year.<sup>3</sup> Upon making a capital investment in a rural fund, a rural investor earns a vested right to a credit against such entity's state tax liability that may be utilized on each credit allowance date of such capital investment in an amount equal to the applicable percentage<sup>4</sup> for such credit allowance date multiplied by the purchase price paid to the rural fund for the capital investment.

This measure would result in an unknown decrease to tax collections. Further, there are numerous taxes under Title 68 of the Oklahoma Statutes and the ability to claim the credit against any tax under Title 68 is administratively cumbersome.

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<sup>1</sup> State tax liability is any liability incurred by any entity subject to the state income tax imposed under Title 68 of the Oklahoma Statutes or an insurance company paying an annual tax on its gross premium receipts, including retaliatory tax, or other financial institution paying taxes to the state or any political subdivision of the state under provisions of Title 68 or Title 19 of the Oklahoma Statutes or an express company which pays an annual tax on its gross receipts in the state

<sup>2</sup> Credits earned by or allocated to a partnership, limited liability company, or S-corporation may be allocated to the partners, members, or shareholders of such entity for their direct use in accordance with the provisions of any agreement among such partners, members, or shareholders, and a rural fund shall notify the Tax Commission of the names of the entities that are eligible to utilize transfer of a capital investment upon such allocation, change or transfer. Such allocation shall not be considered a sale of the credits.

<sup>3</sup> Commerce may not accept any applications for this credit after December 31, 2032.

<sup>4</sup> Applicable percentage is 0% of the first 2 credit allowance dates and 15% for the next credit allowance dates.