

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 18, 2022

BILL NUMBER: SB 1315 **STATUS AND DATE OF BILL:** Committee Substitute 2/18/2022

AUTHORS: House n/a Senate Bullard & Dahm

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

PROPOSAL: New Law

SB 1315 proposes to exempt establishments primarily engaged in the manufacture of guns or rifles from Oklahoma income tax effective for tax years 2023 through 2033.

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.

Feb. 18, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/18/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/18/2022
DATE

Joseph P. Gayza
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 OT REVENUE IMPACT – SB 1315 [Committee Sub.] Prepared 2/18/22

SB 1315 proposes to exempt establishments primarily engaged in the manufacture of guns or rifles¹ from Oklahoma income tax effective for tax years 2023 through 2033.

Establishments that begin operations or relocate operations to Oklahoma after November 1, 2022 will be exempt from Oklahoma income tax for the first 5 years of operations in Oklahoma.

To qualify for the exemption establishments must:

- Employ 25 full-time equivalent employees, as certified by the Oklahoma Employment Security Commission, for the entire tax year; and
- Pay wages or salaries at a wage that equals or exceeds the average wage requirements in the *Oklahoma Quality Jobs Program Act*.

The establishment is required to file an annual application with the Tax Commission stating that the establishment qualifies and containing additional information as required by the Tax Commission.

Establishments that fail to qualify for the exemption in any of the first 5 years of operations are not eligible for the exemption in any subsequent tax year.

This measure would have an unknown decrease in Oklahoma income tax collections, potentially as early as FY23.

¹ This would be limited to establishments classified in the NAICS Manual under Industry No. 332994 This U.S. industry is comprised of establishments primarily engaged in manufacturing small arms, other ordnance, and/or ordnance accessories. <https://www.census.gov/naics/?input=332994&year=2022&details=332994>