

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 22, 2022

BILL NUMBER: SB 1782 **STATUS AND DATE OF BILL:** Engrossed Bill 3/21/2022

AUTHORS: House Talley Senate Rader & Kirt

TAX TYPE (S): Quality Jobs **SUBJECT:** Other

PROPOSAL: Amendatory

SB 1782 proposes to amend both 68 O.S. §§ 3604 and 3604.1 of the *Oklahoma Quality Jobs Program Act*, by amending the date that a qualified employer may apply for an effective date of a project. This measure further requires that the new direct jobs pay a required average annualized wage both at the effective date of the agreement and the beginning of the sixth year of the agreement. This measure also eliminates the statewide threshold wage requirement effective for applications received after December 31, 2022.

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: -0-
FY 24: -0-

<u>Mar. 22, 2022</u>	<u>Rick Miller</u>	
DATE	DIVISION DIRECTOR	<u>mk</u>
<u>3/22/2022</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>3/23/2022</u>	<u>Joseph P. Nappa</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.

ATTACHMENT TO REVENUE IMPACT - SB 1782 [Engrossed] Prepared 3/22/2022

SB 1782 proposes to amend both 68 O.S. §§ 3604 and 3604.1 of the *Oklahoma Quality Jobs Program Act*,¹ by amending the date that a qualified employer may apply for an effective date of a project. This measure further requires that the new direct jobs pay a required average annualized wage both at the effective date of the agreement and the beginning of the sixth year of the agreement.² This measure also eliminates the statewide threshold wage requirement effective for applications received after December 31, 2022.

Under current law:

- An establishment may apply for an effective date for a project, which may not be more than 24 months from the date the application is submitted to the Department of Commerce (Commerce).
- Participating establishments enter into a 10-year contract outlining the requirements that must be met to receive rebates over that term. These contracts require that the establishment pays a minimum average wage over the 10-year period. Once the minimum wage requirement is established, it is not updated at any point over the 10-year contract.
- The average wage of newly created jobs must be greater than or equal to the lesser of the average county wage, or the state threshold wage calculated by the Department of Commerce, which is currently \$35,376.

This measure:

- Reduces the time period an establishment may apply for an effective date for a project, from 24 months to 12 months;
- Requires that an average annualized wage be paid at both the effective date of the agreement and the beginning of the sixth year of the agreement; and
- Eliminates the statewide threshold wage requirement effective for applications received after December 31, 2022.

No changes in revenue are anticipated as a result of this proposal due to the revenue neutral features of the *Oklahoma Quality Jobs Program Act*.

¹ The provisions of 3604.1 are specific to allow qualified federal contractors to receive quarterly incentive pursuant to the provisions of the *Oklahoma Quality Jobs Program Act*.

² The typical term for incentive payments under the *Oklahoma Quality Jobs Program Act* is 10 years.