

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1991
Version:	Introduced
Request Number:	6051
Author:	Dollens
Date:	2/17/2023
Impact:	OTC Analysis:
	FY24: \$0
	FY25: \$1.7 million revenue decrease

Research Analysis

HB1991, as introduced, establishes an income tax credit for businesses to hire apprentices and directs the Governor's Council for Workforce Development to coordinate with the Oklahoma Department of Commerce to establish rules to administer eligibility and participation in the tax credit program. Employers will receive a \$1000 credit for up to 5 years for each hire, limited to 10 total apprentice hires beginning tax year 2024 through 2028. Credits awarded are limited to a \$3 million annual cap.

Additionally, the council must submit an annual report on the effectiveness of the apprentice program to the Governor and legislative leaders by January 31 each year.

Prepared By: Quyen Do

Fiscal Analysis

HB1991, as introduced, creates a \$1000 income tax credit for a taxpayer who employs an apprentice given certain qualifications are met. The total credit amount claimed is limited to \$10,000 for the duration of the five year period that the credit is available. This measure is expected to produce a \$1.7 million decrease in state revenues.

As provided by the Oklahoma Tax Commission:

For this analysis, it is assumed that every employer who currently employs an apprentice under an apprenticeship program registered with the Office of Apprenticeship of the Employment and Training Administration of the United States Department of Labor would claim the maximum credit amount during the first taxable year that the employer is eligible to receive the credit. It is further assumed that the number of active programs may increase by 10% annually, due to the income tax credit. The resulting revenue impact is calculated as follows:

FY	Active Programs	Eligible Employers	Estimated Credits
2024	172	172	\$ 1,720,000
2025	189	17	\$ 170,000
2026	208	19	\$ 190,000
2027	229	21	\$ 210,000
2028	251	22	\$ 220,000

Note: All estimates are rounded.

A decrease in income tax collections is expected during each year that the credit is available, with the greatest decrease (approximately \$1.7 million) experienced in FY 25 when the 2024 returns are filed.² No changes in withholding or estimated tax payments are anticipated.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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