

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB2138</b>
<b>Version:</b>	<b>Introduced</b>
<b>Request Number:</b>	<b>5072</b>
<b>Author:</b>	<b>McDugle</b>
<b>Date:</b>	<b>2/20/2023</b>
<b>Impact:</b>	<b>OTC Analysis:</b>
	<b>FY24: Unknown revenue decrease</b>
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**Research Analysis**

HB2138, as introduced, provides an income tax exemption for recent graduates of a college, university or career tech center that are employed full-time in the state. Those eligible can exempt up to \$75,000 from their state taxable income for up to two years beginning tax year 2024.

Prepared By: Quyen Do

**Fiscal Analysis**

HB2138 proposes to create a tax exemption for taxpayers who are within twelve months of graduating from a qualifying organization and who become employed by a qualifying employer. This measure is expected to produce a decrease in income tax collections. Due to a scarcity of data, the extent of the decrease is unknown.

As provided by the Oklahoma Tax Commission:

Research indicates 40,610 students graduate from Oklahoma colleges and universities every year<sup>1</sup>. Approximately 85% of Oklahoma graduates stay in Oklahoma after graduation<sup>2</sup> and the average annual pay for employees with a bachelor degree in Oklahoma is \$50,515 a year.<sup>3</sup> Data is not available for potential out-of-state college graduates, graduates with degrees beyond a bachelor's degree and graduates of accredited technology center schools that may become eligible for this credit.<sup>4</sup>

It is expected the revenue impact for FY24 and FY25 would be a significant decrease in income tax collections.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.

