

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: December 19, 2023

BILL NUMBER: SB 1401 **STATUS AND DATE OF BILL:** Introduced 12/15/2023

AUTHORS: House n/a Senate Hall

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

PROPOSAL: Amendatory

SB 1401 proposes to amend 68 O.S. § 2357.105 relating to the Strategic Industrial Development Enhancement (SIDE) income tax credit.

EFFECTIVE DATE: January 1, 2025

REVENUE IMPACT:

Dollar amount of the expected change in state revenues due to this proposed legislation:

FY 25: None

FY 26: None

12/21/23		mk
DATE	DIVISION DIRECTOR	
12/21/23	Huan Gong	
DATE	HUAN GONG, ECONOMIST	
12/22/23		
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 1401 [Introduced] Prepared 12/19/23

SB 1401 proposes to amend 68 O.S. § 2357.105 relating to the Strategic Industrial Development Enhancement (SIDE) income tax credit.

CURRENT LAW:

SIDE income tax credits are for amounts invested in strategic industrial development enhancement projects effective for tax years 2023 through 2027. The credit is allocated by the Oklahoma Department of Commerce (Commerce) to a qualifying project. Credits allocated by Commerce may not exceed \$12 million per year. SIDE credits allocated by Commerce that are not used may be assigned to a qualifying project affiliate by written agreement at any time during the 5 years following the tax year the qualified expenditure occurred. The project tax credit amount that may be claimed or assigned to a qualifying project affiliate in any year may not exceed 1/3 of the project tax credit amount awarded beginning in the year that construction is initiated.

PROPOSED AMENDMENTS:

The proposed amendments in SB 1401 change certain definitions¹ which do not affect the amount of the credit that Commerce is authorized to allocate per tax year.

- The definition of “Eligible entity” has been amended to remove superfluous language.
- The definition of “Project sponsor” removed the requirement that a local economic development organization or authority must be organized under Section 501(c)(3) of the Internal Revenue Code.
- The definition of “Qualified initial infrastructure expenditures” added expenditures for rehabilitation of existing inactive track to reinstate operation.
- Additionally, the existing limitation (1/3 rule) for claiming or assigning tax credits has been eliminated.

ANTICIPATED IMPACT:

Since the amount of credits that Commerce may allocate annually has not been changed, no impact to income tax collections is anticipated as result of this proposal.

¹ Certain other non-substantive language changes have also been made.