

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** February 1, 2023

**BILL NUMBER:** SB 337      **STATUS AND DATE OF BILL:** Introduced 1/13/23

**AUTHORS:** House: n/a      Senate: Bergstrom

**TAX TYPE (S):** Income      **SUBJECT:** Exemption

**PROPOSAL:** Amendatory

SB 337 proposes to amend 74 O.S. §§ 5078 and 5079 relating to the exemption for small business incubators.

**EFFECTIVE DATE:** November 1, 2023

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 24: None.

FY 25: None.

<u>Feb. 20, 2023</u>	<u>Rick Miller</u>	lh
DATE	DIVISION DIRECTOR	
<u>2/20/2023</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>2/20/2023</u>	<u>Joseph P Gappa</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 337 [Introduced] Prepared 2/1/23**

SB 337 proposes to amend 74 O.S. §§ 5078 and 5079 relating to the exemption for small business incubators.

Under the Oklahoma Small Business Incubators Incentives Act, tenants of certified Oklahoma small business incubators are exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years.

This measure proposes that the exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years, provided the tenant remains an occupant of an incubator for at least five years.

Also, for tax year 2024 and subsequent tax years, following the first tax year a tenant is provided the exemption, in order to continue to qualify for the exemption, the tenant will be required to submit information on a form prescribed by the Oklahoma Department of Commerce which shall include but not be limited to the following:

- Employment levels, including full-time-equivalent levels and the ratio of part-time employees to full-time employees;
- Interns employed;
- Payments to subcontractors and their purpose;
- Estimated gross annual revenues;
- Estimated annual costs for property and services;
- A statement of any additional financial assistance, incentives, credits, or exemptions provided by this state or any political subdivision of this state; and
- A statement of any taxable income exempted pursuant to this subsection in the previous tax year.

Also, beginning calendar year 2025, the Director of the Oklahoma Department of Commerce shall include in their annual report to the Oklahoma Legislature the total taxable income exempted for the previous tax year.

This measure should not have an impact on Oklahoma tax collections.