

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 18, 2023

BILL NUMBER: SB 384 **STATUS AND DATE OF BILL:** Introduced 1/15/23

AUTHORS: House: n/a Senate: Garvin

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

PROPOSAL: Amendatory

SB 384 proposes to amend 68 O.S. § 2358 to create an income tax deduction for 150% of wages paid to an employee while on leave pursuant to the Family Medical Leave Act of 1993, effective for tax year 2024 and subsequent tax years. To qualify for the deduction, an employer must have paid wages for no less than four weeks of leave taken, in an amount equivalent to that which the employee earned for work performed on a full-time basis, and the employee must be taking leave for reasons of the birth of a child, or placement of a child with the employee for adoption or foster care, and to bond with a newborn or newly placed child.

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: Unknown decrease in income tax revenue.

FY 25: Unknown decrease in income tax revenue.

Jan. 20, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

1/25/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/31/2023
DATE

Joseph P. Anspa
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 384 [Introduced] Prepared 1/18/23

SB 384 proposes to amend 68 O.S. § 2358 to create an income tax deduction for 150% of wages paid to an employee while on leave pursuant to the Family Medical Leave Act of 1993, effective for tax year 2024 and subsequent tax years.¹ To qualify for the deduction, an employer must have paid wages for no less than four weeks of leave taken, in an amount equivalent to that which the employee earned for work performed on a full-time basis, and the employee must be taking leave for reasons of the birth of a child, or placement of a child with the employee for adoption or foster care, and to bond with a newborn or newly placed child.

The revenue impact of this proposal is an unknown decrease in estimated tax payments for FY 24, and an unknown decrease in income tax revenue for FY 25 when the 2024 returns are filed.

¹ Employee wages are already 100% deductible from taxable income. It is unclear whether the proposal is intended to increase the existing deduction from 100% to 150% of employee wages, or whether the proposal is intended to increase the existing deduction by 150% for a total deduction of 250% of employee wages.