

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 11, 2023

BILL NUMBER: SB 385 **STATUS AND DATE OF BILL:** Introduced 1/15/2023

AUTHORS: House n/a Senate Kirt

TAX TYPE (S): Quality Jobs **SUBJECT:** Other

PROPOSAL: Amendatory

SB 385 proposes to amend 68 O.S. §§ 3603, 3604 and 3604.1, relating to the *Oklahoma Quality Jobs Program Act* by changing the required average annualized wage requirements. This measure also amends the maximum average wage requirements for applications received after December 31, 2023.

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 23: -0-
FY 24: -0-

Feb. 13, 2023
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/13/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/13/2023
DATE

Joseph P Gappa
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 385 [Intro] Prepared 2/11/2023

SB 385 proposes to amend 68 O.S. §§ 3603, 3604 and 3604.1¹, relating to the *Oklahoma Quality Jobs Program Act* by changing the required average annualized wage requirements.² This measure also amends the maximum average wage requirements for applications received after December 31, 2023.

Under current law,

- Section 3603: An establishment entering the *Oklahoma Quality Jobs Program Act* as the result of a change-in-control event shall be required to maintain a level of new direct jobs as agreed to in its contract with the Oklahoma Department of Commerce (Commerce) and to pay new direct jobs an average annualized wage which equals or exceeds 125% of the average county wage as that percentage is determined by the Commerce based upon the most recent U.S. Department of Commerce data for the county in which the new jobs are located.
- Sections 3604 and 3604.1: An establishment is required to pay new direct jobs an average annualized wage which equals or exceeds 110% of the average county wage as determined by Commerce based on the most recent U.S. Department of Commerce data for the county in which the new direct jobs are located (health care premiums paid by the applicant for individuals in new direct jobs shall be included in the annualized wage) or 100% of the average county wage as that percentage is determined by Commerce based upon the most recent U.S. Department of Commerce data for the county in which the new jobs are located (health care premiums paid by the applicant for individuals in new direct jobs shall not be included in the annualized wage).
- Sections 3604 and 3604.1: The average wage of newly created jobs must be greater than or equal to the lesser of the average county wage, or the state threshold wage calculated by Commerce, which is currently \$35,376.³

This measure:

- Amends the definition of "change-in-control event" in Section 3603(2): An establishment entering the *Oklahoma Quality Jobs Program Act* as the result of a change-in-control event shall be required to maintain a level of new direct jobs as agreed to in its contract with Commerce and to pay new direct jobs an average annualized wage of 125% of the average county wage, for the county in which the new jobs are located, for applications submitted by an establishment before January 1, 2024. For applications submitted by an establishment on or after January 1, 2024, the establishment shall pay 125% of the average county wage, for the county in which the new jobs are located, or 100% of the average state wage for application submitted by an establishment on or after January 1, 2024, whichever is greater,
- Amends Section 3604(F) and 3604.1(D):
 - For applications submitted on and after January 1, 2024, in order to

¹ The provisions of 3604.1 allow qualified federal contractors to receive quarterly incentive pursuant to the provisions of the *Oklahoma Quality Jobs Program Act*.

² The typical term for incentive payments under the *Oklahoma Quality Jobs Program Act* is 10 years.

³ For a full list of average county wages see [Oklahoma Quality Jobs Program 2023 Guidelines \(okcommerce.gov\)](https://okcommerce.gov) The state threshold wage calculated by the Department of Commerce is currently \$40,472

qualify to receive QJ incentive payments, an establishment shall be required to pay new direct jobs an average annualized wage which equals or exceeds 100% of the average county wage for the county in which the new jobs are located or 100% of the average state wage, whichever is greater, as that percentage is determined by Commerce based upon the most recent U.S. Department of Commerce data. Health care premiums paid by the applicant for individuals in new direct jobs shall not be included in the annualized wage.

- Eliminates the statewide threshold wage requirement effective for applications received after December 31, 2023.

No changes in revenue are anticipated as a result of this proposal due to the revenue neutral features of the *Oklahoma Quality Jobs Program Act*.