

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 11, 2023

BILL NUMBER: SB 587 **STATUS AND DATE OF BILL:** Introduced 1/17/2023

AUTHORS: House n/a Senate Montgomery

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

PROPOSAL:

SB 587 proposes to amend 68 O.S. §§ 3603 and 3604 relating to the Oklahoma Quality Jobs Program by adding hydrogen manufacturing establishments classified in the NAICS' Manual under U.S. Industry No. 325120 as a basic industry and specifying the net benefit rate may not exceed 6%.

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 24, 2023
DATE

Rick Mellow
DIVISION DIRECTOR

mk

2/24/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/24/2023
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.

¹ North American Industrial Classification System

ATTACHMENT TO REVENUE IMPACT - SB 587 [Introduced] Prepared 2/11/23

SB 587 proposes to amend 68 O.S. §§ 3603 and 3604 relating to the Oklahoma Quality Jobs Program by adding hydrogen manufacturing establishments classified in the NAICS Manual under U.S. Industry No. 325120 as a basic industry and specifying the net benefit rate may not exceed 6%.

The Quality Jobs incentive gives qualifying companies quarterly cash rebates up to 5% (the net benefit rate) of newly created taxable payroll, for up to 10 years. The Oklahoma Department of Commerce (Commerce) enters into a contract with the qualifying company and the Tax Commission issues the rebates, upon application from the qualifying company. The net benefit rate is calculated by Commerce and is intended to make the Quality Jobs rebates revenue neutral.

This measure would add hydrogen manufacturing establishments classified in the NAICS Manual under U.S. Industry No. 325120 as a basic industry and specifying the net benefit rate may not exceed 6%.

Due to the revenue neutral requirements², there is no anticipated change to income tax collections.

² Generally the incentive payments, cumulatively, may not exceed the estimated net direct state benefits. There is an exception for locating:

- in an Opportunity Zone;
- in a county that has per capital personal income at 85% of the statewide average, a population decrease as determined by Commerce; or the unemployment rate is more than 5% or 2% above the statewide average as certified by the Oklahoma Employment Security Commission.