

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 25, 2023

BILL NUMBER: SB 990 **STATUS AND DATE OF BILL:** Introduced 1/19/23

AUTHORS: House: n/a Senate: Garvin

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

PROPOSAL: New Law and Amendatory

SB 990 proposes to create the Oklahoma Paid Family Leave Program and the Oklahoma Paid Family Leave Program Revolving Fund in the State Treasury for the Oklahoma Employment Security Commission. SB 990 also proposes to amend 68 O.S. § 2352, authorizing an amount determined to be necessary to provide for benefit payments and administrative expenses of the Fund to be deposited in the Fund, effective for fiscal year 2024 and subsequent fiscal years. SB 990 further proposes to create a refundable income tax credit for a qualified employee equal to deductions made exceeding .45% of the wages paid to the employee for any pay period in the tax year for participation in the Program, effective for tax year 2024 and subsequent tax years.

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: Unknown decrease in income tax revenue.

Feb. 27, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

2/27/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/28/2023
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 990 [Introduced] Prepared 1/25/23

SB 990 proposes to create the Oklahoma Paid Family Leave Program and the Oklahoma Paid Family Leave Program Revolving Fund in the State Treasury for the Oklahoma Employment Security Commission. SB 990 also proposes to amend 68 O.S. § 2352, authorizing an amount determined to be necessary to provide for benefit payments and administrative expenses of the Fund to be deposited in the Fund, effective for fiscal year 2024 and subsequent fiscal years.

Under the proposal, an employer who elects to participate in the Program may contribute .45% of the wages paid to each participating employee. For an employee of an employer who elects to participate in the Program, the employer will deduct .45% of the employee's salary. For an employee of an employer who elects not to participate in the Program, the employer will deduct .9% of the employee's salary. For an employee of Oklahoma who elects to participate in the Program, the employer will deduct .9% of the employee's salary. Employers must remit the deductions and contributions made by the fifth day after each month.

Employees who have contributed to the Program through deductions for six consecutive months will be eligible to receive benefits upon approval and will be paid during use of leave pursuant to the Family and Medical Leave Act of 1993, 29 U.S.C., Section 2601 et seq. Benefits will be paid weekly from the proposed Fund in the amount of 90% of an employee's average weekly wage for the preceding calendar year, as determined by the Commission.

SB 990 further proposes to create a refundable income tax credit for a qualified employee equal to deductions made exceeding .45% of the wages paid to the employee for any pay period in the tax year for participation in the Program, effective for tax year 2024 and subsequent tax years.

The number of employees who may elect to participate in the Program and who may qualify for the proposed credit is unknown. As a result, the estimated revenue impact of the proposal is an unknown decrease in income tax revenue beginning for FY 25 when the 2024 returns are filed.