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| BILL/VERSION: | SB 1117 / INTRODUCED | ANALYST: TB |
| AUTHORS: | Sen. Stewart | DATE: 2/5/2025 |
| TAX(ES): | Income Tax | |
| SUBJECT(S): | Credit | |
| EFFECTIVE DATE: | November 1, 2025 | Emergency <input type="checkbox"/> |

ESTIMATED REVENUE IMPACT:

FY26: \$0
FY27: \$0

ANALYSIS: SB 1117 proposes to amend 68 O.S. § 2357.105 relating to the Strategic Industrial Development Enhancement (SIDE) income tax credit, by expanding eligibility for the credit to a greater number of counties beginning in tax year 2026. SB 1117 modifies the definition of a "qualifying project location" by expanding the population threshold:

- For expenditures made before tax year 2026, the qualifying project location remains limited to counties with a population under 100,000 persons.
- For expenditures made in tax year 2026 and beyond, the threshold is increased to counties with a population under 400,000 persons.

By increasing the population threshold, SB 1117 expands eligibility for the SIDE credit, potentially increasing the number of qualifying projects. However, the \$12 million annual cap on total credit allocations remains unchanged. Given this cap, any increase in qualifying applicants would only affect the distribution of credits rather than increasing total claims. Thus, no additional impact on state income tax collections is anticipated as the total amount of credits allocated remain limited to \$12 million annually.

CURRENT LAW: The SIDE income tax credit is available for qualified economic development and infrastructure expenditures incurred from tax years 2023 through 2027. The Oklahoma Department of Commerce allocates credits to qualifying projects, with a total allocation cap of \$12 million per year.

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| <u>2/5/25</u> | <u>Huan Gong</u> |
| DATE | DR. HUAN GONG, CHIEF TAX ECONOMIST |
| <u>2/7/25</u> | <u>Marie Schuble</u> |
| DATE | MARIE SCHUBLE, DIVISION DIRECTOR |
| <u>2/9/25</u> | <u>Joseph P. Gappa</u> |
| 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.