



BILL/VERSION: SB 221 / Introduced **ANALYST:** MK
AUTHORS: Rep. Howard **DATE:** 2/18/2025
TAX(ES): Income Tax and insurance Premium Tax¹
SUBJECT(S): Credit
EFFECTIVE DATE: July 1, 2025 **Emergency**

ESTIMATED REVENUE IMPACT:

FY26: \$0

FY27: \$0

FY28: Unknown decrease in income tax and/or insurance premiums tax not to exceed \$15 million.

ANALYSIS: SB 221 proposes to amend Section 3933 of Title 68 of the Oklahoma Statutes relating to the Oklahoma Rural Jobs Credit. This measure proposes to increase the annual cap to \$30 million (up from \$15 million) of state tax credits for applications received by the Department of Commerce on or after July 1, 2025. The amount of additional state tax credits which will be issued to the rural funds is unknown.²

The Rural Jobs Act went into effect on November 1, 2022, and is intended to incentivize rural development. The Department of Commerce has \$100 million in capital investment authority to be invested by approved rural funds over a six-year period. These tax credits are capped at an aggregate \$15 million per calendar year across the entire program. The rural funds can only claim their tax credits in years three through six of the program and are only able to claim 15 percent of the total tax credit each year.

¹ Under Section 3931 of Title 68 of the Oklahoma Statutes this credit may be used against the tax imposed under Section 2355, 2355.1P-4, or 2370 of Title 68 of the Oklahoma Statutes or Section 624 or 628 of Title 36 of the Oklahoma Statutes. An insurance company claiming a credit against state premium tax or retaliatory tax or any other tax imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes shall not be required to pay any additional retaliatory tax under Section 628 of Title 36 of the Oklahoma Statutes as a result of claiming the credit. The credit may fully offset any retaliatory tax imposed by Section 628 of Title 36 of the Oklahoma Statutes.

² Credits for applications made on or after July 1, 2025, are first claimable in FY28. 2-year rule in 68 O.S. § 3931

2/18/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/19/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/20/25

DATE

Joseph P. Gappa

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.