



BILL/VERSION:	SB 324 / INTRODUCED	ANALYST:	TB
AUTHORS:	Sen. Thompson	DATE:	2/18/2025
TAX(ES):	Income Tax		
SUBJECT(S):	Credit		
EFFECTIVE DATE:	November 1, 2025	Emergency	<input type="checkbox"/>

ESTIMATED REVENUE IMPACT:
FY26: Unknown decrease in income tax collections.
FY27: Unknown decrease in income tax collections.

ANALYSIS: Senate Bill 324 proposes the creation of an income tax credit for qualified research expenditures (QREs) incurred within Oklahoma, beginning in tax year 2026. The credit equals 5% of QREs, aligning with the federal research and development (R&D) credit calculation methodology. The credit is nonrefundable and may be carried forward for up to five years.

The revenue reduction resulting from SB 324 is unknown due to a lack of available data on Oklahoma-specific R&D expenditures. The impact depends on the total amount of qualified research expenditures, credit utilization rates, and future economic trends.

For context, South Carolinaⁱ offers a 5% R&D tax credit similar to the one proposed in SB 324. According to South Carolina's Tax Expenditureⁱⁱ Report, the total R&D credit claimed in recent years was in excess of \$80 millionⁱⁱⁱ:

Oklahoma's five-year carryforward provision may result in delayed but accumulating fiscal impact as businesses with limited initial tax liability begin to claim credits in subsequent years. Due to the absence of a statewide cap, SB 324 could have a larger revenue impact than South Carolina's R&D credit, depending on taxpayer participation and total research expenditures in Oklahoma.

ⁱ <https://www.scstatehouse.gov/code/t12c006.php>

ⁱⁱ <https://rfa.sc.gov/sites/default/files/2025-01/Tax%20Expenditure%20Report%20Final%201.21.25.pdf>

ⁱⁱⁱ FY23-24: \$80.3 mil., FY24-25: \$82.8 mil., FY25-26: \$85.4 mil.

2/19/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/19/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/19/25

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.