

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: May 19, 2015

BILL NUMBER: SB 502 STATUS AND DATE OF BILL: Enrolled Bill 5/18/15

AUTHORS: House Sears et al Senate Quinn et al

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 502 proposes to amend the Investment/New Jobs Tax Credit (68 O.S. § 2357.4) by prohibiting the claiming of this credit for any investment or job creation in electric power generation by means of wind as described by the North American Industry Classification System, No. 221119 effective January 1, 2017.

EFFECTIVE DATE: January 1, 2017

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 16: -0-

FY 17: -0-

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

May 19, 2015
DATE

Rick Miller
DIVISION DIRECTOR

mck

5-21-15
DATE

Keece Womack
KEECE WOMACK, ECONOMIST

5/22/15
DATE

Dan Cook
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 502 [Enrolled] Prepared May 19, 2015

SB 502 proposes to amend the Investment/New Jobs Tax Credit (68 O.S. § 2357.4) by prohibiting the claiming of this credit for any investment or job creation in electric power generation by means of wind as described by the North American Industry Classification System, No. 221119 effective January 1, 2017. This measure also makes a technical correction clarifying eligibility based on investment or job creation.

Under current law an income tax credit is allowed for either an investment in depreciable property used in a manufacturing or processing facility or for a net increase in average levels of employment in said facilities. The credit is for five years and is generally the greater of \$2,500 per new job or 5% of the amount of investment in qualified depreciable property¹. Entities engaged in electric power generation by means of wind qualify as a manufacturer and are therefore eligible for this credit.

Presently, entities that engaged in electric power generation by means of wind have not used the Investment New Jobs Tax Credit to reduce their Oklahoma income tax. No change to revenue is anticipated as a result of this measure.

¹ Under certain conditions, the credit is the greater of \$5,000 per new job or 10% of the investment in qualified depreciable property, for five years.