

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 25, 2019

BILL NUMBER: SB 487 STATUS AND DATE OF BILL: Introduced 1/16/19

AUTHORS: House n/a Senate Bergstrom

TAX TYPE (S): Quality Jobs SUBJECT: Other

PROPOSAL: Amendatory

SB 487 proposes to amend the *Oklahoma Quality Jobs Program Act* (68 O.S. § 3603) by eliminating the requirement that qualifying establishments locate in certain counties to automatically qualify for the five percent (5%) net benefit rate.

EFFECTIVE DATE: August 30, 2019<sup>1</sup>

### REVENUE IMPACT:

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

FY 20: -0-

FY 21: -0-

Feb. 4, 2019  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

2-5-2019  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2-6-19  
DATE

Jimmy Murt  
FOR THE COMMISSION

*The estimated 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.*

<sup>1</sup> This measure contains language that it is to become effective in accordance with Section 58 of Article V of the Oklahoma Constitution and does not have a prescribed effective date. The August 30, 2019 effective date assumes the Legislature adjourns sine die as presently scheduled on May 31, 2019.

SB 487 proposes to amend the *Oklahoma Quality Jobs Program Act* (68 O.S. § 3603) by eliminating the requirement that qualifying establishments locate in certain counties to automatically qualify for the five percent (5%) net benefit rate.

Under current law, Quality Jobs incentive payments may not exceed estimated net direct state benefits (generally capped at five percent (5%)<sup>2</sup>) unless the establishment is located in an opportunity zone<sup>3</sup> or the establishment locates in a county that:

- the per capita personal income is eighty-five percent (85%) or less of the statewide average per capita personal income – as determined by the Oklahoma Department of Commerce, or
- the population has decreased over the previous ten (10) years as determined by the Oklahoma Department of Commerce, or
- the unemployment rate exceeds the lesser of five percent (5%) or two percentage points above the state average unemployment rate as certified by the Oklahoma Employment Security Commission

This measure proposes to only allow the automatic five percent (5%) net benefit rate for establishments located in opportunity zones.

No change to Oklahoma tax collections are anticipated as a result of this proposal.

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<sup>2</sup> Information from the Oklahoma Department of Commerce indicates that the average net benefit rate is approximately 4.3%.

<sup>3</sup> Opportunity zones are one or more census tracts in which, according to the most recent Federal Decennial Census, at least thirty percent (30%) of the residents have annual gross household incomes from all sources below the poverty guidelines established by the U.S. Department of Health and Human Services.