

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB2745</b>
<b>Version:</b>	<b>Introduced</b>
<b>Request Number:</b>	<b>5882</b>
<b>Author:</b>	<b>Miller</b>
<b>Date:</b>	<b>2/23/2023</b>
<b>Impact:</b>	<b>OTC Analysis:</b>
	<b>FY25: Unknown revenue decrease</b>

**Research Analysis**

HB2745, as introduced, allows qualifying small business employers to deduct 65 percent of wages paid to employ new hires that are also ex-offenders. Qualified hires are individuals previously convicted of a felony and individuals on parole, probation or participating in a work release program. The deduction may be claimed beginning tax year 2024 through tax year 2028 and is limited to \$20,000 for each qualified hire.

Prepared By: Quyen Do

**Fiscal Analysis**

HB2745 proposes to enact an income tax deduction for qualified small businesses that employ persons with certain criminal backgrounds. This tax deduction will produce a decrease in state revenues in fiscal year 2025 when tax year 2024 income tax returns are filed. Because the number of entities that will satisfy these qualifications is unknown, the extent of the decrease in revenues is unknown.

As provided by the Oklahoma Tax Commission:

It is unknown how many qualifying individuals will be hired under the conditions required for the additional deduction by a qualifying small business. Therefore, an unknown decrease in income tax collections is expected as a result of this measure. No changes to estimated tax payments are expected; the impact for tax year 2024 should occur in FY25 when tax year 2024 income tax returns are filed.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.