

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 900
Version:	Proposed Subcommittee Substitute
Request Number:	7988
Author:	Boatman
Date:	4/5/2021
Impact:	Please see previous summary of this measure

Research Analysis

The proposed subcommittee substitute for SB 900 provides, for tax years 2021 through 2029, an income tax credit equal to 50 percent of an investment in the equity securities issued by an eligible business. The measure defines *eligible business* as any business that operates in a technology-based industry in Oklahoma, is supported by federal small business innovation research grants, or is supported by technology development or seed capital investments made by the Oklahoma Center for the Advancement of Science and Technology. The tax credit shall not be used to reduce an income tax liability to less than zero, and unused credits can be carried over to each of the succeeding 10 taxable years.

Prospective equity investors that seek eligibility for the tax credit must submit an application to the Oklahoma Department of Commerce at least 90 days before the date the investment is made that includes a business plan describing the proposed business or a description of the primary activity of an existing business, the projected amount of capital being sought and any other information requested by the Department. Prior to the time an investor makes an equity investment, the investor must obtain a pre-investment clearance document from the Department. If all requirements are met, the Department shall issue the document to the applicant. After the investment has been completed, the holder of the clearance document shall complete a final application form to identify the business in which the investment was made, the amount of the investment and any other information required by the Department. Information received during the application process is to be considered confidential and not subject to the Oklahoma Open Records Act.

The total amount of tax credits for each fiscal year is capped at \$7.5 million, and the measure requires the Department to maintain a record of finalized equity investments made during each fiscal year and maintain a system that prospective equity investors seeking pre-investment clearances will be able to determine the amount of the tax credit cap remaining during each fiscal year. If the Department receives an application that would cause the fiscal year cap amount to be exceeded, it must notify the applicant.

The measure requires the Department to send a copy of the final agreement regarding the investment to the Oklahoma Tax Commission, and the investor shall attached the signed agreement to the tax return for the year in which the tax credits will be claimed. The Department is directed to promulgate rules for the purpose of administering the measure.

Prepared By: Emily McPherson

Fiscal Analysis

The measure is currently under review and impact information will be completed.

Prepared By: Mark Tygret

Other Considerations

None.

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