



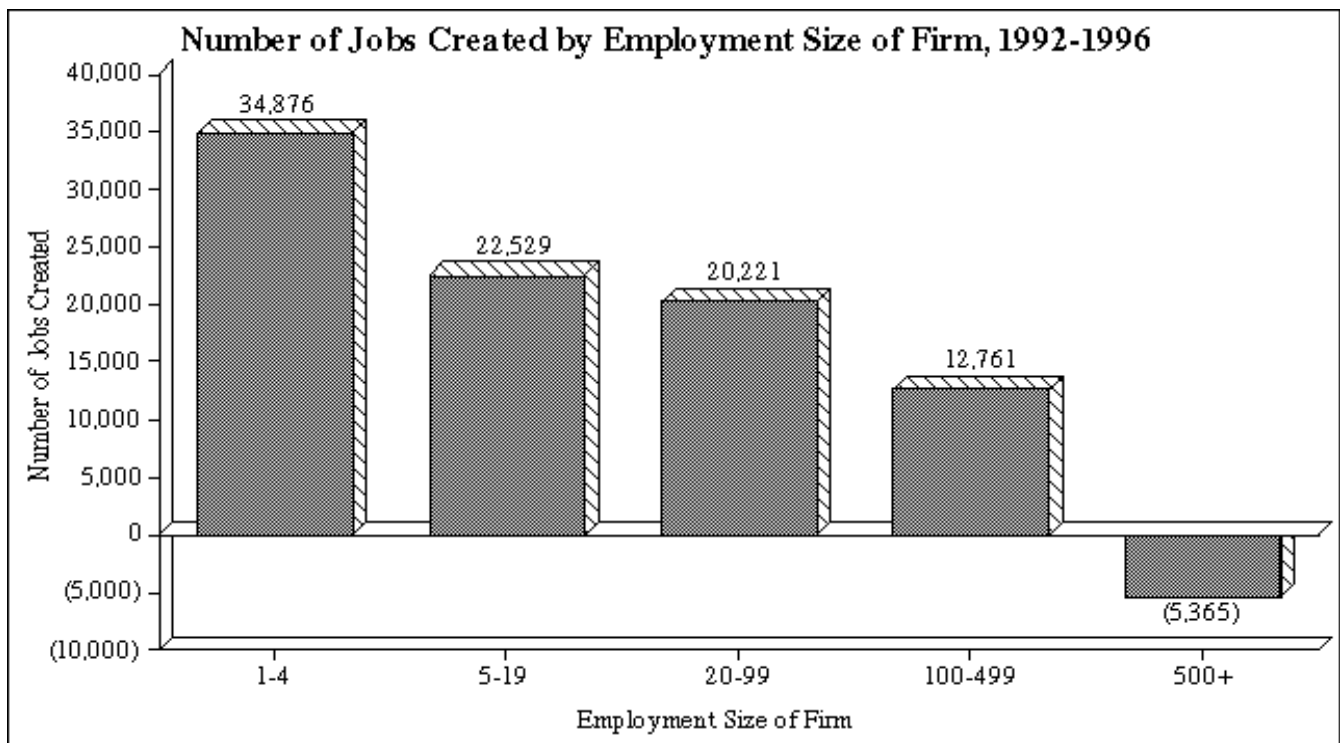
Oklahoma State Senate

Legislative Brief July 1998

Small Business

Issue Background

According to the SBA 1997 Small Business Profile for Oklahoma, small businesses (less than 500 employees) account for 97.6% of Oklahoma's 71,627 businesses. This figure does not include an additional 122,000 self-employed persons. From 1992 to 1996 these small businesses were responsible for all net growth in new jobs in Oklahoma. Businesses with less than 20 employees created 63.5% of this small business growth. These figures verify the critical role that small businesses play in Oklahoma's growing economy. Likewise, statistics on business failures (an 18.9% increase during 1996) and business bankruptcies (a 46.7% increase in 1996) underscore the precarious nature of small businesses. Recognizing that a friendly business environment and financial stability are crucial to sustained small-business growth, the Legislature responded this session with measures to cut both red tape and the bottom line.



Source: Office of Advocacy, U.S. Small Business Administration

Summary of Actions

Oklahoma Master Business License System Act

SB 667

The Oklahoma Master Business License System Act creates a one-stop system for business licensing. The bill establishes a Business License Information Office within the Department of Commerce. The Office will be a clearinghouse for state business license information. The Office will develop an automated master application system which businesses will be able to use to apply for all licenses and permits necessary for doing business in this state. The system will not include individual occupational licensing information or application materials. The Office will also make recommendations to state agencies and the Legislature for eliminating, consolidating, simplifying, and expediting licenses and improving licensing procedures.

Consolidation of Reporting Requirements

SJR 19

SJR 19 requires the Oklahoma Employment Security Commission and the Oklahoma Tax Commission to make recommendations for consolidating payroll and other reporting requirements imposed upon employers by federal and state agencies.

Unemployment Insurance Tax Cut**HB 2792**

Small employers will benefit from an additional 25% reduction in employer contribution rates which is added to the 25% reduction granted in 1997 for existing employers. This reduction will be effective July 1, 1998 through December 31, 1999. Although employers with the highest earned rate (5.5%) will not benefit from this reduction, the rates of these employers will be reduced to 5.4%.

The rate for existing employers with an earned rate of 0.1% (about 2/3rds of all Oklahoma employers) will be reduced to a rate of 0% under HB 2792. These employers are not required to make a payment to the Oklahoma Employment Security Commission under this provision. However, they must continue to file their quarterly report and will be assessed a penalty if the report is not filed.

Tax Credit for SBA Guaranty Fees**HB 3152**

Small businesses that obtain financing guaranteed by the Small Business Administration are entitled to claim a credit against state income tax for amounts paid to the Small Business Administration as guaranty fees. If the credit exceeds the small business' income tax liability, the amount of credit not used may be carried forward as a credit to be used against future tax liability for a period not exceeding 5 years.

Small Employer Quality Jobs Incentive Act Modification**SB 782**

Requirements a small employer must meet to qualify for incentive payments under the Small Employer Quality Jobs Incentive Act are clarified in SB 782. Enacted last session, the Small Employer Quality Jobs Incentive Act enables a qualified small business to receive an annual incentive payment of 5% of payroll for new jobs created. The incentive payment may be received for a five-year period if the business continues to qualify. To qualify, the small business must be a basic industry which primarily exports its product, have 90 employees or less, provide basic health benefits, project and actually create at least 10 new jobs within a twelve-month period, and pay to at least 80% of the new employees an annualized wage which equals or exceeds 150% of the per capita personal income of the county in which the new jobs are located.

Oklahoma Technology Transfer Act of 1998**HB 2863**

HB 2863 was enacted to remove barriers to joint ventures between public universities and private businesses for the purposes of researching, developing, and commercializing new technologies. Similar partnerships in other states have created a fertile environment for growing start-up hi-tech and service businesses. Implementation of this provision is contingent upon voter approval of State questions 680 and 681.

HB 2863 also authorizes the Oklahoma Center for the Advancement of Science and Technology (OCAST) to develop and implement a technology business financing program to assist businesses in commercializing new products and processes. Funding for this program will enable OCAST to provide start-up companies with early-stage financing.

Venture Capital**HB 3205**

HB 3205 extends the expiration date of the income tax credit for venture capital companies from 1/1/99 to 1/1/04 and requires venture capital companies to invest at least 75% of capitalization in Oklahoma business ventures (for capitalization occurring on and after 1/1/99).

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