

1 ENGROSSED SENATE AMENDMENT  
TO  
2 ENGROSSED HOUSE  
BILL NO. 1884

By: Fetgatter and Hasenbeck of  
the House

and

Bice of the Senate

[ revenue and taxation - tax credits for employees of  
vehicle manufacturing companies - effective date ]

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13 AMENDMENT NO. 1. Page 1, restore the title

14  
15 Passed the Senate the 24th day of April, 2019.

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17 \_\_\_\_\_  
18 Presiding Officer of the Senate

19 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
20 2019.

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22 \_\_\_\_\_  
23 Presiding Officer of the House  
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8 vehicle manufacturing companies - effective date ]  
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12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY Section 1, Chapter 317, O.S.L.  
14 2018 (68 O.S. Supp. 2018, Section 2357.404), is amended to read as  
15 follows:

16 Section 2357.404 A. As used in this section:

17 1. "Vehicle manufacturing" and "automotive parts manufacturing"  
18 ~~means~~ mean a private or public company first placed in operation in  
19 this state after ~~the effective date of this act~~ November 1, 2019,  
20 which is engaged in the research, development, design and  
21 manufacture of motor vehicles or automotive parts manufacturing  
22 which may be driven on the avenues of public access. For purposes  
23 of this section, "motor vehicle" does not include ~~buses,~~ low-speed  
24 electric vehicles, ~~truck-tractors~~ or motor vehicles manufactured

1 primarily for off-road use, such as primarily for use on a golf  
2 course;

3 2. "Compensation" means payments in the form of contract labor  
4 for which the payor is required to provide a Form 1099 to the person  
5 paid, wages subject to withholding tax paid to a part-time employee  
6 or full-time employee, or salary or other remuneration.

7 Compensation shall not include employer-provided retirement, medical  
8 or health-care benefits, reimbursement for travel, meals, lodging or  
9 any other expense;

10 3. "Institution" means an institution within The Oklahoma State  
11 System of Higher Education or any other public or private college or  
12 university that is accredited by a national accrediting body;

13 4. "Qualified employer" means a sole proprietor, general  
14 partnership, limited partnership, limited liability company,  
15 corporation, other legally recognized business entity, or public  
16 entity whose principal business activity involves the vehicle  
17 manufacturing as defined in this section;

18 5. "Qualified employee" means any person, regardless of the  
19 date of hire, employed in this state by or contracting in this state  
20 with a qualified employer on or after January 1, 2018, who has been  
21 awarded an undergraduate or graduate degree from a qualified program  
22 by an institution, and who was not employed in vehicle manufacturing  
23 in this state immediately preceding employment or contracting with a  
24 qualified employer. Provided, the definition shall not be

1 interpreted to exclude any person who was employed in vehicle  
2 manufacturing, but not as a full-time engineer, prior to being  
3 awarded an undergraduate or graduate degree from a qualified program  
4 by an institution or any person who has been awarded an  
5 undergraduate or graduate degree from a qualified program by an  
6 institution and is employed by a professional staffing company and  
7 assigned to work in vehicle manufacturing in this state;

8 6. "Qualified program" means a program that awards an  
9 undergraduate or graduate degree and that has been accredited by the  
10 Engineering Accreditation Commission of the Accreditation Board for  
11 Engineering and Technology (ABET); and

12 7. "Tuition" means the average annual amount paid by a  
13 qualified employee for enrollment and instruction in a qualified  
14 program. Tuition shall not include the cost of books, fees or room  
15 and board.

16 B. 1. Except as otherwise provided in subsection E of this  
17 section, for taxable years beginning after December 31, 2018, and  
18 ending before January 1, 2026, a qualified employer shall be allowed  
19 a credit against the tax imposed pursuant to Section 2355 of Title  
20 68 of the Oklahoma Statutes for tuition reimbursed to a qualified  
21 employee.

22 2. The credit authorized by this subsection may be claimed only  
23 if the qualified employee has been awarded an undergraduate or  
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1 graduate degree within one (1) year of commencing employment with  
2 the qualified employer.

3 3. The credit authorized by this subsection shall be in the  
4 amount of fifty percent (50%) of the tuition reimbursed to a  
5 qualified employee for the first through fourth years of employment.  
6 In no event shall this credit exceed fifty percent (50%) of the  
7 average annual amount paid by a qualified employee for enrollment  
8 and instruction in a qualified program at a public institution in  
9 Oklahoma.

10 4. The credit authorized by this subsection shall not be used  
11 to reduce the tax liability of the qualified employer to less than  
12 zero (0).

13 5. No credit authorized by this subsection shall be claimed  
14 after the fourth year of employment.

15 C. 1. Except as otherwise provided in subsection E of this  
16 section, for taxable years beginning after December 31, 2018, and  
17 ending before January 1, 2026, a qualified employer shall be allowed  
18 a credit against the tax imposed pursuant to Section 2355 of Title  
19 68 of the Oklahoma Statutes for compensation paid to a qualified  
20 employee.

21 2. The credit authorized by this subsection shall be in the  
22 amount of:

23 a. ten percent (10%) of the compensation paid for the  
24 first through fifth years of employment in vehicle

1 manufacturing if the qualified employee graduated from  
2 an institution located in this state, or

3 b. five percent (5%) of the compensation paid for the  
4 first through fifth years of employment in vehicle  
5 manufacturing if the qualified employee graduated from  
6 an institution located outside this state.

7 3. The credit authorized by this subsection shall not exceed  
8 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified  
9 employee annually.

10 4. The credit authorized by this subsection shall not be used  
11 to reduce the tax liability of the qualified employer to less than  
12 zero (0).

13 5. No credit authorized pursuant to this subsection shall be  
14 claimed after the fifth year of employment.

15 D. 1. Except as otherwise provided in subsection F of this  
16 section, for taxable years beginning after December 31, 2018, and  
17 ending before January 1, 2026, a qualified employee shall be allowed  
18 a credit against the tax imposed pursuant to Section 2355 of Title  
19 68 of the Oklahoma Statutes of up to Five Thousand Dollars  
20 (\$5,000.00) per year for a period of time not to exceed five (5)  
21 years.

22 2. The credit authorized by this subsection shall not be used  
23 to reduce the tax liability of the taxpayer to less than zero (0).

1       3. Any credit claimed, but not used, may be carried over, in  
2 order, to each of the five (5) subsequent taxable years.

3       E. 1. For any tax year during which the credit is allowed, the  
4 total amount of credits authorized by subsections B and C of this  
5 section used to offset tax shall be adjusted annually to limit the  
6 annual amount of credits to Three Million Dollars (\$3,000,000.00).  
7 The Tax Commission shall annually calculate and publish a percentage  
8 by which the credits authorized by subsections B and C of this  
9 section shall be reduced so the total amount of credits used to  
10 offset tax does not exceed Three Million Dollars (\$3,000,000.00) per  
11 year. The formula to be used for the percentage adjustment shall be  
12 Three Million Dollars (\$3,000,000.00) divided by the credits claimed  
13 in the second preceding year.

14       2. Pursuant to paragraph 1 of this subsection, in the event the  
15 total tax credits authorized by subsections B and C of this section  
16 exceed Three Million Dollars (\$3,000,000.00) in any tax year, the  
17 Tax Commission shall permit any excess over Three Million Dollars  
18 (\$3,000,000.00), but shall factor such excess into the percentage  
19 adjustment formula for subsequent years.

20       F. 1. For any tax year during which the credit is allowed, the  
21 total amount of credits authorized by subsection D of this section  
22 used to offset tax shall be adjusted annually to limit the annual  
23 amount of credits to Two Million Dollars (\$2,000,000.00). The Tax  
24 Commission shall annually calculate and publish a percentage by

1 which the credits authorized by subsection D of this section shall  
2 be reduced so the total amount of credits used to offset tax does  
3 not exceed Two Million Dollars (\$2,000,000.00) per year. The  
4 formula to be used for the percentage adjustment shall be Two  
5 Million Dollars (\$2,000,000.00) divided by the credits claimed in  
6 the second preceding year.

7 2. Pursuant to paragraph 1 of this subsection, in the event the  
8 total tax credits authorized by subsection D of this section exceed  
9 Two Million Dollars (\$2,000,000.00) in any tax year, the Tax  
10 Commission shall permit any excess over Two Million Dollars  
11 (\$2,000,000.00), but shall factor such excess into the percentage  
12 adjustment formula for subsequent years.

13 SECTION 2. This act shall become effective November 1, 2019.

14 Passed the House of Representatives the 13th day of March, 2019.

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Presiding Officer of the House  
of Representatives

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Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2019.

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Presiding Officer of the Senate

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