

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 1991

By: Dollens

AS INTRODUCED

An Act relating to revenue and taxation; defining terms; authorizing income tax credit for certain apprentice positions; specifying amount of tax credit; imposing limitations on number of apprentices with respect to claim of credits; prohibiting use of credit to reduce tax liability to less than designated amount; prohibiting carryover; providing for termination of tax credit; imposing cap on tax credits based on certain computation; providing for usage of credits based on cap limitation provisions; providing for effect of tax credit with respect to certain statutory requirement; authorizing Governor's Council for Workforce and Economic Development to adopt rules; providing for participation by Oklahoma Department of Commerce; requiring consultation with Oklahoma Tax Commission; requiring annual report; prescribing due date for report; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.501 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Apprentice" means a worker at least sixteen (16) years of age, except where a higher minimum age standard is otherwise fixed by law, who is employed to learn an apprenticeable occupation as provided in 29 C.F.R., Section 29.4. The term includes a person who is compensated by a third party but whose apprenticeable work occurs under the supervision of an eligible employer;

2. "Apprenticeable agreement" means a written agreement, complying with 29 C.F.R., Section 29.2, between an apprentice and either the apprentice's program sponsor, or an apprenticeship committee acting as agent for the program sponsors, which contains the terms and conditions of the employment and training of the apprentice;

3. "Council" means the Governor's Council for Workforce and Economic Development; and

4. "Eligible employer" means a taxpayer who employs an apprentice pursuant to an apprentice agreement registered with the Office of Apprenticeship of the Employment and Training Administration of the United States Department of Labor.

B. For taxable years beginning on or after January 1, 2024, and ending not later than December 31, 2028, there shall be allowed as a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes in the amount of One Thousand Dollars (\$1,000.00) for each qualified apprentice employed by an eligible

employer for a period of at least seven (7) months during the preceding calendar year.

C. Any eligible employer who enters into an apprenticeship agreement must ensure compliance with any applicable Oklahoma state law in regards to that industry or trade, including demonstrating compliance for each qualified apprentice, to qualify for this credit.

D. No employer shall be able to claim the credit authorized by this section for more than ten apprentices for the duration of the five (5) taxable years for which the credit is available.

E. The credit authorized by the provisions of this section shall not be used to reduce the tax liability of the taxpayer to less than zero (0).

F. The credit authorized by the provisions of this section may not be carried over from one taxable year to any other taxable year.

G. The provisions of this section shall cease to have the force and effect of law on January 1, 2029.

H. The total amount of credits authorized by this section used to offset tax shall be adjusted annually to limit the annual amount of credits to Three Million Dollars (\$3,000,000.00). The Oklahoma Tax Commission shall annually calculate and publish a percentage by which the credits authorized by this section shall be reduced so the total amount of credits used to offset tax does not exceed Three Million Dollars (\$3,000,000.00) per year. The formula to be used

for the percentage adjustment shall be Three Million Dollars (\$3,000,000.00) divided by the credits used to offset tax in the second preceding year.

I. Pursuant to subsection H of this section, in the event the total tax credits authorized by this section exceed Three Million Dollars (\$3,000,000.00) in any calendar year, the Tax Commission shall permit any excess over Three Million Dollars (\$3,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years.

J. The tax credit authorized by the provisions of this section fulfills the requirements of Section 46A of Title 62 of the Oklahoma Statutes because it is based on employment of persons who might not otherwise be employed or who, although employed, would not have the same skill level for the job position without the tax credit authorized pursuant to the provisions of this section.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.502 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Governor's Council for Workforce and Economic Development, in coordination with the Oklahoma Department of Commerce, may adopt any rules necessary to establish standards for participation and eligibility and to implement and administer the tax credit program authorized by Section 1 of this act. The Council

shall consult with the Oklahoma Tax Commission to coordinate implementation and administration of this act.

B. The Council shall provide an annual report to the Chair of the Appropriations and Budget Committee of the Oklahoma House of Representatives and the Chair of the Finance Committee of the Oklahoma State Senate to account for the effectiveness of the apprenticeship program under this act not later than January 31 each year with respect to program activities and program performance with respect to the preceding calendar year.

SECTION 3. This act shall become effective November 1, 2023.

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