

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 HOUSE BILL 2754

By: Miller

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; defining
8 terms; authorizing income tax credits for employers
9 engaged in civil engineering; providing income tax
10 credit for tuition reimbursements; providing
11 conditions for use of credit; specifying amount of
12 tax credit; prohibiting use of tax credit to reduce
13 liability to less than zero; authorizing income tax
14 credit for certain compensation paid to employees
15 engaged in civil engineering; specifying amount of
16 credit; imposing limit on credit amount; prohibiting
17 use of tax credit to reduce income tax liability to
18 less than zero; authoring income tax credit for
19 certain income received as civil engineer; providing
20 for codification; and providing an effective date.

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

22 SECTION 1. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 2357.321 of Title 68, unless
24 there is created a duplication in numbering, reads as follows:

As used in Sections 1 through 4 of this act:

1 1. "Compensation" means payments in the form of contract labor
2 for which the payor is required to provide a Form 1099 to the person
3 paid, wages subject to withholding tax paid to a part-time employee
4 or full-time employee or salary or other remuneration. Compensation
5 shall not include employer-provided retirement, medical or health-
6 care benefits, reimbursement for travel, meals, lodging or any other
7 expense;

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

11 3. "Qualified employer" means a sole proprietor, general
12 partnership, limited partnership, limited liability company,
13 corporation, other legally recognized business entity or public
14 entity whose principal business activity involves civil engineering
15 services as described by Industry No. 541330 of the North American
16 Classification System (NAICS), latest revision;

17 4. "Qualified employee" means any person, regardless of the
18 date of hire, employed in this state by or contracting in this state
19 with a qualified employer on or after January 1, 2024, who was not
20 employed as a civil engineer in this state immediately preceding
21 employment or contracting with a qualified employer, and who has
22 been either:

23 a. awarded an undergraduate or graduate degree from a
24 qualified program by an institution, or

1 b. licensed as a Professional Engineer by the State Board
2 of Licensure for Professional Engineers and Land
3 Surveyors pursuant to Section 475.15 of Title 59 of
4 the Oklahoma Statutes.

5 Provided, the definition shall not be interpreted to exclude any
6 person who was employed in the civil engineering sector, but not as
7 a full-time engineer, prior to being awarded an undergraduate or
8 graduate degree from a qualified program by an institution or any
9 person who has been awarded an undergraduate or graduate degree from
10 a qualified program by an institution and is employed by a
11 professional staffing company and assigned to work in the civil
12 engineering sector in this state;

13 6. "Qualified program" means a program at an institution that
14 includes a graduate or undergraduate program that has been
15 accredited by the Engineering Accreditation Commission of the
16 Accreditation Board for Engineering and Technology (ABET) and that
17 awards an undergraduate or graduate degree. Both the undergraduate
18 and graduate programs of the same discipline of engineering at an
19 institution shall be part of the qualified program if either program
20 is ABET accredited; and

21 7. "Tuition" means the average annual amount paid by a
22 qualified employee for enrollment and instruction in a qualified
23 program. Tuition shall not include the cost of books, fees or room
24 and board.

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.322 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. Except as provided in subsection F of this section, for
5 taxable years beginning after December 31, 2023, and ending before
6 January 1, 2029, a qualified employer shall be allowed a credit
7 against the tax imposed pursuant to Section 2355 of Title 68 of the
8 Oklahoma Statutes for tuition reimbursed to a qualified employee.

9 B. The credit authorized by subsection A of this section may be
10 claimed only if the qualified employee has been awarded an
11 undergraduate or graduate degree within one (1) year of commencing
12 employment with the qualified employer.

13 C. The credit authorized by subsection A of this section shall
14 be in the amount of fifty percent (50%) of the tuition reimbursed to
15 a qualified employee for the first through fourth years of
16 employment. In no event shall this credit exceed fifty percent
17 (50%) of the average annual amount paid by a qualified employee for
18 enrollment and instruction in a qualified program at a public
19 institution in Oklahoma.

20 D. The credit authorized by subsection A of this section shall
21 not be used to reduce the tax liability of the qualified employer to
22 less than zero (0).

23 E. No credit authorized by this section shall be claimed after
24 the fourth year of employment.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.323 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. Except as provided in subsection F of this section, for
5 taxable years beginning on or after January 1, 2024, and ending
6 before January 1, 2029, a qualified employer shall be allowed a
7 credit against the tax imposed pursuant to Section 2355 of Title 68
8 of the Oklahoma Statutes for compensation paid to a qualified
9 employee.

10 B. The credit authorized by subsection A of this section shall
11 be in the amount of:

12 1. Ten percent (10%) of the compensation paid for the first
13 through fifth years of employment in civil engineering if the
14 qualified employee graduated from an institution located in this
15 state; or

16 2. Five percent (5%) of the compensation paid for the first
17 through fifth years of employment in civil engineering if the
18 qualified employee graduated from an institution located outside
19 this state.

20 C. The credit authorized by this section shall not exceed
21 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
22 employee annually.

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1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the qualified employer to less than zero
3 (0).

4 E. No credit authorized pursuant to this section shall be
5 claimed after the fifth year of employment.

6 SECTION 4. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 2357.324 of Title 68, unless
8 there is created a duplication in numbering, reads as follows:

9 A. Except as provided in subsection D of this section, for
10 taxable years beginning on or after January 1, 2024, and ending
11 before January 1, 2029, a qualified employee shall be allowed a
12 credit against the tax imposed pursuant to Section 2355 of Title 68
13 of the Oklahoma Statutes up to Five Thousand Dollars (\$5,000.00) per
14 year for a period of time not to exceed five (5) years.

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

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

19 SECTION 5. This act shall become effective November 1, 2023.

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