

1 ENGROSSED HOUSE
2 BILL NO. 3192

By: Pfeiffer of the House

3 and

4 Hall of the Senate

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6
7 [revenue and taxation - income tax credit with
8 respect to certain software or cybersecurity
9 employees - effective date -

10 emergency]

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

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SECTION 1. AMENDATORY Section 1, Chapter 483, O.S.L.

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2019 (68 O.S. Supp. 2019, Section 2357.405), is amended to read as

17

follows:

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Section 2357.405 A. As used in this section:

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1. "Degree-producing institution" means any public or private

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college or university that has accredited programs, as defined in

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this ~~act~~ section, from the Accreditation Board for Engineering and

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Technology (ABET);

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1 2. "Technology center" means an institution in the Oklahoma
2 State Board of Career and Technology Education that offers
3 accredited programs as defined in this ~~act~~ section;

4 3. "Accredited program" means:

- 5 a. an undergraduate or graduate cybersecurity,
6 information technology, computer science ~~and~~
7 ~~engineering or software~~ or computer engineering degree
8 program accredited by the Computing Accreditation
9 Commission (CAC) or the Engineering Accreditation
10 Commission (EAC) of the Accreditation Board for
11 Engineering and Technology (ABET) offered at a degree-
12 producing institution, or
- 13 b. a software, cybersecurity, programming, software
14 programming, coding, application development, computer
15 science or information technology program requiring
16 more than eight hundred (800) hours of class time;

17 4. "Qualifying compensation" means average annualized wages
18 paid by a qualifying employer which meet or exceed one hundred ten
19 percent (110%) of the average county wage, as that percentage is
20 determined by the Oklahoma Department of Commerce based on the most
21 recent U.S. Department of Commerce data for the county in which the
22 employer is located; or, for federal employees, such employees shall
23 meet a GS-5 or equivalent initial hiring threshold in lieu of the
24 wage requirement. For the purposes of this definition, annual wages

1 shall not include employer-provided health care or retirement
2 benefits;

3 5. "Qualified employer" means a sole proprietor, general
4 partnership, limited partnership, limited liability company,
5 corporation or other legally recognized business entity, or
6 governmental entity that has at least fifteen full-time employees;

7 6. "Qualified industry" means a qualified employer whose
8 activities are defined or classified in the most recent North
9 American Industry Classification System (NAICS) manual under U.S.
10 Sector Nos. 21, 22, 31-33, 48, 51, 52, 54, 55, 62 and 92; and

11 7. "Qualified software or cybersecurity employee" means any
12 person employed in Oklahoma by a qualifying employer in a qualifying
13 industry on or after ~~the effective date of this act~~ November 1,
14 2019, who:

15 a. has been awarded a degree in an accredited program
16 from a degree-producing institution, or

17 b. has been awarded a certificate or credential in an
18 accredited program from a technology center.

19 B. An employer may apply to the Oklahoma Tax Commission for
20 qualification as a "qualified employer" in the manner prescribed by
21 the Tax Commission.

22 C. In order for the qualified software or cybersecurity
23 employees to qualify to receive the tax credit, the qualified
24 employer shall be in a qualifying industry and pay employees a

1 qualifying compensation for the county in which the qualified
2 employer has its primary Oklahoma address.

3 D. 1. For taxable years beginning on or after January 1, 2020,
4 and ending before January 1, 2030, a qualified software or
5 cybersecurity employee shall be allowed a credit against the tax
6 imposed pursuant to Section 2355 of ~~Title 68 of the Oklahoma~~
7 ~~Statutes~~ this title, subject to the amount prescribed in paragraph 2
8 of this subsection; provided, the credit shall not be allowed for
9 any qualifying employee working in the state as of ~~the effective~~
10 ~~date of this act~~ November 1, 2019.

11 2. The credit may be claimed for a period of time not to exceed
12 seven (7) years and, except as provided in subsection ~~F~~ H of this
13 section, shall be as follows:

14 a. Two Thousand Two Hundred Dollars (\$2,200.00) for a
15 qualified software or cybersecurity employee who has
16 been awarded a bachelor's or higher degree from an
17 accredited program at a degree-producing institution,
18 and

19 b. One Thousand Eight Hundred Dollars (\$1,800.00) for a
20 qualified software or cybersecurity employee who has
21 been awarded an associate's degree from an accredited
22 program at a degree-producing institution or a
23 credential or certificate from an accredited program
24 at a technology center.

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

3 ~~F. Qualified employers may participate in the Oklahoma Quality
4 Jobs Program Act, the Small Employer Quality Jobs Incentive Act and
5 the 21st Century Quality Jobs Incentive Act. However, the qualified
6 employees as provided for in this section shall be included in
7 baseline employment for the purposes of the Oklahoma Quality Jobs
8 Program Act, the Small Employer Quality Jobs Incentive Act and the
9 21st Century Quality Jobs Incentive Act.~~

10 ~~G.~~ No taxpayer shall claim both the credit provided pursuant to
11 this section and the credit provided pursuant to Section 2357.304 of
12 ~~Title 68 of the Oklahoma Statutes~~ this title for the same tax year.

13 ~~H.~~ G. The maximum time period that the credit may be claimed by
14 any taxpayer is seven (7) years.

15 ~~F.~~ H. For the tax year beginning January 1, 2022, and each tax
16 year thereafter, the total amount of credits authorized by this
17 section used to offset tax shall be adjusted annually to limit the
18 annual amount of credits to Five Million Dollars (\$5,000,000.00).
19 The Tax Commission shall annually calculate and publish by the first
20 day of the affected year a percentage by which the credits
21 authorized by this section shall be reduced so the total amount of
22 credits used to offset tax does not exceed Five Million Dollars
23 (\$5,000,000.00) per year. The formula to be used for the percentage
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1 adjustment shall be Five Million Dollars (\$5,000,000.00) divided by
2 the credits claimed in the second preceding year.

3 ~~+~~ I. In the event the total tax credits authorized by this
4 section exceed Five Million Dollars (\$5,000,000.00) in any calendar
5 year, the Tax Commission shall permit any excess over Five Million
6 Dollars (\$5,000,000.00) but shall factor such excess into the
7 percentage adjustment formula for subsequent years.

8 SECTION 2. This act shall become effective July 1, 2020.

9 SECTION 3. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

13 Passed the House of Representatives the 3rd day of March, 2020.

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Presiding Officer of the House
of Representatives

17 Passed the Senate the ___ day of _____, 2020.

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Presiding Officer of the Senate

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