

1 ENGROSSED SENATE
2 BILL NO. 1639

By: Leewright and Matthews of
the Senate

3 and

4 Dollens of the House
5

6 An Act relating to income tax; defining terms;
7 creating tax credit for employment of a qualified
8 apprentice during certain time period; setting amount
9 of credit; limiting certain use of credit; requiring
10 taxpayer to ensure certain compliance; prohibiting
11 use of credit to reduce tax liability to specified
12 extent; imposing limitation on total credits used to
13 offset tax liability; providing for annual
14 adjustment; prescribing formula; providing for
15 treatment of credits in excess of annual limit;
16 establishing basis for credit pursuant to specified
17 requirement; authorizing the Governor's Council on
18 Workforce and Economic Development to adopt rules to
19 implement and administer credit in cooperation with
20 certain agencies; requiring Council to produce annual
21 report and specifying contents and distribution;
22 providing for codification; and providing an
23 effective date.
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17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2357.406 of Title 68, unless
20 there is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Apprentice" means a worker at least sixteen (16) years of
23 age, except where a higher minimum age standard is otherwise fixed
24 by law, who is employed to learn an apprenticeable occupation as

1 provided in 29 C.F.R. Section 29.4, as amended. The term includes a
2 person who is compensated by a third party but whose apprenticeship
3 occurs under the supervision of an eligible employer;

4 2. "Apprenticeship agreement" means a written agreement,
5 complying with 29 C.F.R. Section 29.7, as amended, between an
6 apprentice and either the apprentice's program sponsor, or an
7 apprenticeship committee acting as agent for the program sponsors,
8 which contains the terms and conditions of the employment and
9 training of the apprentice;

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

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

16 B. For taxable years beginning on or after January 1, 2021, and
17 ending not later than December 31, 2025, there shall be allowed as a
18 credit against the tax imposed pursuant to Section 2355 of Title 68
19 of the Oklahoma Statutes in the amount of One Thousand Dollars
20 (\$1,000.00) for each qualified apprentice employed by an eligible
21 employer for a period of at least seven (7) months during the
22 preceding calendar year.

23 C. In order to qualify for this credit, any eligible employer
24 who enters into an apprenticeship agreement shall ensure compliance

1 with any applicable Oklahoma state law regarding that industry or
2 trade including demonstrating compliance for each qualified
3 apprentice.

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

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

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

12 G. The provisions of this section shall cease to have the force
13 and effect of law on January 1, 2026.

14 H. The total amount of credits authorized by this section used
15 to offset tax shall be adjusted annually to limit the annual amount
16 of credits to Three Million Dollars (\$3,000,000.00). The Tax
17 Commission shall annually calculate and publish a percentage by
18 which the credits authorized by this section shall be reduced so the
19 total amount of credits used to offset tax does not exceed Three
20 Million Dollars (\$3,000,000.00) per year. The formula to be used
21 for the percentage adjustment shall be Three Million Dollars
22 (\$3,000,000.00) divided by the credits used to offset tax in the
23 second preceding year.

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

7 J. The tax credit authorized by the provisions of this section
8 fulfills the measurable goal requirements of Section 46A of Title 62
9 of the Oklahoma Statutes. The measurable goal provided by this act
10 includes employment of persons who may not otherwise be employed or
11 who, although employed, would not have the same skill level for the
12 job position without the tax credit authorized pursuant to the
13 provisions of this section.

14 K. The Governor's Council on Workforce and Economic
15 Development, in coordination with the Oklahoma Department of
16 Commerce, may adopt any rules necessary to establish standards for
17 participation and eligibility and to implement and administer the
18 tax credit program authorized by this act. The Council shall
19 consult with the Oklahoma Tax Commission to coordinate
20 implementation and administration of this act.

21 L. The Governor's Council on Workforce and Economic Development
22 shall provide an annual report to the Chair of the Appropriations
23 and Budget Committee of the Oklahoma House of Representatives and
24 the Chair of the Finance Committee of the Oklahoma State Senate to

1 account for the effectiveness of the apprenticeship program under
2 this act not later than January 31 each year with respect to program
3 activities and program performance with respect to the preceding
4 calendar year.

5 SECTION 2. This act shall become effective November 1, 2020.

6 Passed the Senate the 5th day of March, 2020.

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Presiding Officer of the Senate

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10 Passed the House of Representatives the ____ day of _____,
11 2020.

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Presiding Officer of the House
of Representatives

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