

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL 1858

6 By: David

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax credit; defining terms;
9 providing tax credit for certain tuition
10 reimbursements; requiring the award of certain degree
11 to claim credit; providing amount of credit;
12 providing credit for certain compensation paid to
13 qualified employee in hydrogen manufacturing
14 industry; limiting amount of credit; prohibiting use
15 of credit to reduce tax liability below zero;
16 providing maximum number of tax years credit can be
17 claimed; authorizing carryover of credit for certain
18 amount of years; providing for codification; and
19 providing an effective date.

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

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2357.407 of Title 68, unless
23 there is created a duplication in numbering, reads as follows:

24 A. As used in this section:

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

1 Compensation shall not include employer-provided retirement, medical
2 or health-care benefits, reimbursement for travel, meals, lodging,
3 or any other expense;

4 2. "Hydrogen manufacturing industry" means establishments whose
5 principal business activity involves hydrogen manufacturing, as
6 defined or classified in the NAICS Manual under Industry Group No.
7 325120;

8 3. "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 4. "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 hydrogen
15 manufacturing, as defined or classified in the NAICS Manual under
16 Industry Group No. 325120;

17 5. "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, 2023, who was not
20 employed in the hydrogen manufacturing industry in this state
21 immediately preceding employment or contracting with a qualified
22 employer, and who has 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 not a full-time engineer and was employed in the
7 hydrogen manufacturing industry prior to being awarded an
8 undergraduate or graduate degree from a qualified program by an
9 institution or any person who has been awarded an undergraduate or
10 graduate degree from a qualified program by an institution and is
11 employed by a professional staffing company and assigned to work in
12 the hydrogen manufacturing industry 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 B. For tax years 2023 through 2033, a qualified employer shall
2 be allowed a credit against the tax imposed pursuant to Section 2355
3 of Title 68 of the Oklahoma Statutes for tuition reimbursed to a
4 qualified employee.

5 C. The credit authorized by subsection B of this section may be
6 claimed only if the qualified employee has been awarded an
7 undergraduate or graduate degree within one (1) year of commencing
8 employment with the qualified employer.

9 D. The credit authorized by subsection B of this section shall
10 be in the amount of fifty percent (50%) of the tuition reimbursed to
11 a qualified employee for the first through fourth years of
12 employment. In no event shall this credit exceed fifty percent
13 (50%) of the average annual amount paid by a qualified employee for
14 enrollment and instruction in a qualified program at a public
15 institution in this state.

16 E. For tax years 2023 through 2033, a qualified employee shall
17 be allowed a credit against the tax imposed pursuant to Section 2355
18 of Title 68 of the Oklahoma Statutes for compensation received from
19 a qualified employer.

20 F. The credit authorized by subsection E of this section shall
21 be equal to the amount of compensation received, but shall not
22 exceed the following:

- 23 1. Two Thousand Five Hundred Dollars (\$2,500.00) for the first
24 year of employment;

1 2. Two Thousand Dollars (\$2,000.00) for the second year of
2 employment;

3 3. One Thousand Five Hundred Dollars (\$1,500.00) for the third
4 year of employment;

5 4. One Thousand Dollars (\$1,000.00) for the fourth year of
6 employment; and

7 5. Five Hundred Dollars (\$500.00) for the fifth year of
8 employment.

9 G. The credit authorized by subsections B and E of this section
10 shall not be used to reduce the tax liability of the qualified
11 employer to less than zero (0).

12 H. No credit authorized by this section shall be claimed after
13 the fifth year of employment.

14 I. Any credit authorized by subsections B and E of this section
15 claimed, but not used, may be carried over, in order, to each of the
16 five (5) subsequent taxable years

17 SECTION 2. This act shall become effective November 1, 2022.

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