

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2860

By: Perry

AS INTRODUCED

An Act relating to revenue and taxation; providing an income tax credit for investment in certain computer services, programs and designs; requiring investment be made from certain organizations or persons; providing definitions; providing amount of credit; providing amount of investment to qualify for credit; providing maximum amount of credit; providing for reduction of credit; prohibiting amount of credit to exceed tax liability; providing for carryforward of unused credit; providing for codification; providing an effective date; and declaring an emergency.

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 2357.13 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Beginning after June 30, 1996, there shall be allowed a credit against the tax imposed by Section 2355 of this title for investment in computer programming services, custom computer programs or computer integrated system designs purchased from any

corporation, company, association, partnership, limited liability company, organization or person domiciled in this state or organized under the laws of this state.

B. As used in this section:

1. "Computer programming services" means computer programming services performed on a contract or fee basis, including computer software design and analysis, modifications of custom software, and training in the use of custom software;

2. "Computer integrated system design" means the development or modifying of computer software and correlating or integrating the software with purchased computer hardware to create an integrated system for specific application;

3. "Computer program" means a coded set of instructions for a computer, including, but not limited to, system and application programs; and

4. "Custom computer program" means a computer program prepared to the special order of the customer and includes those services represented by separately stated charges for modifications to an existing prewritten program which are prepared to the special order of the customer. The term does not include a generic or shrink-wrapped prewritten computer program which is marketed for general or repeated sale, lease or licensing even if the generic or shrink-wrapped prewritten program was initially developed on a custom basis or for in-house use. Modification to an existing program to meet the needs of the customer is custom computer programming only to the extent of the modification. A generic or shrink-wrapped, noncustomized software shall qualify for the credit provided by this section if the software is completed after June 30, 1996.

C. The credit allowed by this section shall be twelve percent (12%) of the investment if the investment is equal to or more than One Thousand Dollars (\$1,000.00). No credit shall be allowed for an investment less than One Thousand Dollars (\$1,000.00).

D. In no event shall this credit exceed Five Hundred Thousand Dollars (\$500,000.00). This credit shall be further limited based upon any income tax credits claimed under the Oklahoma Quality Jobs Program Act, the Saving Quality Jobs Act, or any manufacturing credits permitted by law. The credit permitted under this section shall not be allowed if the total amount of the referenced credits, excluding the credit permitted pursuant to this section, exceeds Five Hundred Thousand Dollars (\$500,000.00). If the referenced credits, excluding the credit permitted pursuant to this section, do not exceed Five Hundred Thousand Dollars (\$500,000.00), then the credit permitted pursuant to this section shall be reduced as necessary so that the total amount of credits claimed shall not exceed Five Hundred Thousand Dollars (\$500,000.00).

E. The credit allowed by this section may only be claimed for the taxable year in which the investment is made by the taxpayer. In no event shall the credit allowed by this section exceed the amount of tax liability of the taxpayer for any given year. Any credits allowed but not used in any taxable year may be carried over to each of the subsequent five (5) years.

SECTION 2. This act shall become effective July 1, 1996.

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

45-2-7815

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