

SHORT TITLE: Revenue and taxation; creating the Small Business Development Act of 1997; short title; defining terms; limitation on amount of tax credits provided; allowing certain credits against income tax; codification; effective date.

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

SENATE BILL NO. 571

By: Gustafson

AS INTRODUCED

An Act relating to revenue and taxation; creating the Small Business Development Act of 1997; providing short title; defining terms; allowing certain credits against income tax; specifying amounts thereof; requiring Oklahoma Department of Commerce to make certain certification; specifying qualifications and eligibility requirements to receive tax credits; allowing credits to be carried forward for certain time period; prohibiting claiming of certain credit for amounts paid prior to effective date of act; providing that persons or entities claiming tax credits be ineligible for certain tax credits or exemptions; requiring Oklahoma Department of Commerce and Oklahoma Tax Commission to promulgate certain rules; providing for codification; and providing an effective date.

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 2357.33 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Small Business Development Act of 1997".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.34 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in this act, "small business" means a business entity located in this state with an annual gross payroll not exceeding Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.35 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 1996, and before January 1, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for amounts paid by a small business for training of eligible employees.

B. The credit provided for in subsection A of this section shall be fifty percent (50%) of the amount paid to an accredited educational provider in this state or as reimbursement to an eligible employee for amounts paid by the employee to an accredited educational provider in this state for training of an eligible employee. As used in this section, "eligible employee" shall mean a full-time-equivalent employee paid at least ninety percent (90%) of the average wage paid to full-time-equivalent employees in the county in which the employee is employed. The Oklahoma Department of Commerce shall annually certify the average wages paid to full-time-equivalent employees in each county.

C. If the tax credit provided herein exceeds the amount of state income taxes due or if there are no state taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any taxable year may be carried forward as a credit against subsequent income tax liability for a period not exceeding four (4) years following the year in which the credit was first allowed.

D. No taxpayer may claim the credit provided for in this section for amounts paid prior to the effective date of this act for training of eligible employees.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.36 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 1996, and before January 1, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes to a small business for a net increase in the number of full-time-equivalent employees.

B. The credit provided for in subsection A of this section shall be Two Hundred Fifty Dollars (\$250.00) for each new employee employed in a basic industry as such term is defined in Section 3603 of Title 68 of the Oklahoma Statutes. To be eligible to receive the tax credit provided herein for a taxable year, the employer must:

1. Employ at least ten (10) more employees in basic industries for at least six (6) months of the taxable year than were employed by the employer in basic industries in the previous taxable year;

2. Employ at least ten (10) more employees for at least six (6) months of the taxable year than were employed by the employer in the preceding taxable year who receive wages greater than the average wages paid to full-time-equivalent employees in the county in which the employer is located;

3. Employ at least ten percent (10%) more employees in basic industries for at least six (6) months of the taxable year than were employed by the employer in basic industries in the previous taxable year; and

4. Employ at least ten percent (10%) more employees for at least six (6) months of the taxable year than were employed by the employer in the preceding taxable year who receive wages greater

than the average wages paid to full-time-equivalent employees in the county in which the employer is located.

The Oklahoma Department of Commerce shall annually certify the average wages paid to full-time-equivalent employees in each county.

C. If the tax credit provided herein exceeds the amount of state income taxes due or if there are no state taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any taxable year may be carried forward as a credit against subsequent income tax liability for a period not exceeding four (4) years following the year in which the credit was first allowed.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.37 of Title 68, unless there is created a duplication in numbering, reads as follows:

Notwithstanding any other provisions of law, if a person or entity receives a tax credit pursuant to the provisions of this act, neither the person or entity nor contractors or subcontractors thereof shall be eligible to receive the credits or exemptions enumerated in Section 3607 of Title 68 of the Oklahoma Statutes.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.38 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Department of Commerce and the Oklahoma Tax Commission shall promulgate rules to implement the provisions of this act.

SECTION 7. This act shall become effective November 1, 1997.

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