STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1884 By: Sullivan (John)

COMMITTEE SUBSTITUTE

An Act relating to economic development; enacting the Oklahoma Workforce Talent Enhancement Act; making legislative findings; defining terms; providing for withholding tax reporting; prescribing procedures related to certain wages; providing for payment in accordance with certain provisions; imposing duties upon certain employers; providing for separate apportionment of withholding tax; providing for credit against certain income tax liabilities; providing for payments to certain entities from Workforce Talent Enhancement Fund; creating Oklahoma Workforce Talent Enhancement Fund; prescribing maximum period of time for participation; providing certain exceptions; requiring development of form by Oklahoma State Regents for Higher Education; providing for use of Employer Incentive payment; providing for use of certain monies by Oklahoma State Regents for Higher Education; providing for use of monies by State Department of Education; providing for use of monies by Oklahoma Department of Career and Technology Education; 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 4101 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 "Oklahoma Workforce Talent Enhancement Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4102 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that the State of Oklahoma should make every effort to take advantage of the changes in the evolving economic system for the benefit of its citizens. In recognition of the value a higher education has in the modern workforce and the increasing importance of higher education for an individual to secure quality employment and to maximize opportunities in the emerging economy, the Legislature finds that an incentive system related to the earning power of persons with degrees conferred by institutions of higher education is a desirable method for improving the skills of the state workforce, for recruiting high quality employers and the generation of high quality employment.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4103 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Career and Technology payment" means the amount of withholding tax paid to the Oklahoma Department of Career and Technology Education for the purposes authorized by this act;

2. "Common Education payment" means the amount of withholding tax paid to the State Department of Education for the purposes authorized by this act;

3. "Employer Incentive payment" means the amount of withholding tax paid to a qualified employer pursuant to Section 8 of this act;

4. "Higher Education payment" means the amount of withholding tax paid to the Oklahoma State Regents for Higher Education pursuant to Section 8 of this act;

5. "Program" means the Oklahoma Workforce Talent Enhancement Program as prescribed by Sections 1 through 15 of this act;

6. "Qualified institution" means any institution within The Oklahoma State System of Higher Education or any properly accredited private college or university having the authority to award an

associate degree, undergraduate degree, a graduate degree or other professional degree;

7. “Qualified employer” means a sole proprietor, partnership, corporation, limited liability company or any other business entity lawfully engaged in business in the state where the performance of a qualified participant’s duties and responsibilities for the employer takes place primarily within the State of Oklahoma;

8. “Qualified participant” means each person who graduates from a college or university located within the state, whether public or private, having earned an associate degree, a bachelor’s degree, a master’s degree or other professional degree in any discipline or art or field of study on and after January 1, 2002, and who becomes an employee of a qualified employer. Qualified participants shall be persons upon whose behalf withholding tax payments are made by an employer pursuant to the provisions of Section 2385.1 et seq. of Title 68 of the Oklahoma Statutes. For purposes of this paragraph and for purposes of this act, a person shall not be considered to be a qualified participant unless the person is employed on a full-time basis by a single employer. As used in this paragraph, "full-time basis" shall mean paid employment equal to at least two thousand (2,000) hours per calendar year;

9. “Qualifying degree” means an associate degree, a bachelor’s degree, a master’s degree, doctorate degree or other professional or advanced degree; and

10. “Withholding tax” means the tax imposed upon income pursuant to Section 2385.1 et seq. of Title 68 of the Oklahoma Statutes.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4104 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Beginning January 1, 2002, for a period of five (5) years beginning with the first date upon which the qualified participant

is employed by a qualified employer, the employer shall report the withholding tax upon the wages of the qualified participant upon a special form to be used in connection with the Oklahoma Workforce Talent Enhancement Act.

B. For all wages earned by a qualified participant and paid by a qualified employer from and after January 1, 2002, such wages shall be subject to all of the requirements imposed pursuant to Section 2385.1 et seq. of Title 68 of the Oklahoma Statutes, but once remitted to the Oklahoma Tax Commission shall be subject to payment as otherwise required by the provisions of Section 8 of this act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4105 of Title 68, unless there is created a duplication in numbering, reads as follows:

The qualified employer of each qualified participant shall be responsible for enrolling the participant in the Program beginning with the initial employment date. The Oklahoma Tax Commission shall prescribe forms for the purposes of maintaining records of withholding tax payments reported by each participating employer with respect to wages earned by a qualified participant.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4106 of Title 68, unless there is created a duplication in numbering, reads as follows:

Each qualified employer shall make remittance of the withholding taxes imposed pursuant to the provisions of Sections 2385.1 et seq. of Title 68 of the Oklahoma Statutes for each qualified participant. The forms prescribed by the Oklahoma Tax Commission for the purposes required by this act shall provide for the separate apportionment of remitted withholding tax funds according to the requirements of Section 8 of this act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4107 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding any other provision of law to the contrary, the total amount of withholding taxes remitted by any qualified employer with respect to the wages of a qualified participant shall be credited against the income tax liability of the individual participant regardless of the amount of withholding tax apportioned as prescribed by Section 8 of this act.

B. All amounts of withholding tax remitted pursuant to the requirements of this act shall be treated as withholding tax paid by the qualified participant for purposes of computing individual income tax liability for any applicable income tax year.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4108 of Title 68, unless there is created a duplication in numbering, reads as follows:

From the amount of withholding tax apportioned to the Oklahoma Workforce Talent Enhancement Fund created by Section 9 of this act:

1. Fifty percent (50%) of such monies shall be paid directly to the institution which awarded the degree to the qualified participant;

2. Thirty-five percent (35%) of such monies shall be paid to the State Department of Education and used as provided by Section 14 of this act;

3. Ten percent (10%) of such monies shall be paid to the Oklahoma Department of Career and Technology Education and used as provided by Section 15 of this act; and

4. Five percent (5%) of such monies shall be paid to the qualified employer of the program participant according to the requirements imposed pursuant to Section 12 of this act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4109 of Title 68, unless there is created a duplication in numbering, reads as follows:

There is hereby created the "Oklahoma Workforce Talent Enhancement Fund". The fund shall consist of the withholding tax remittances from the wages of qualified participants as otherwise prescribed by this act. The Oklahoma Tax Commission shall make payments as required by Section 8 of this act from the Oklahoma Workforce Talent Enhancement Fund.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4110 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The maximum period of time for which a qualified employer shall be required to remit withholding tax in accordance with the requirements of this act shall be five (5) years. The five-year period shall expire upon December 31 of the fifth year following the year in which a qualifying degree has been conferred by a qualifying educational institution upon a qualified participant, or December 31 of the fifth year during which a qualified participant has been employed by the employer, whichever period expires earlier.

B. If a person to whom a qualifying degree has been awarded does not become employed within the state for a period of up to three (3) years after the date upon which the degree has been conferred, the period of time otherwise prescribed by subsection A of this section shall be suspended for the period of time during which the individual is not employed or is employed by an employer in another state, but not to exceed three (3) years from the date upon which the degree is awarded.

C. The period of time otherwise prescribed by subsection A of this section shall also be suspended for a period of not to exceed three (3) years for any period of time during which a qualified participant leaves employment with an Oklahoma employer regardless

of the initial date upon which the participant is first employed by an Oklahoma employer, but only if the first termination of such employment occurs within three (3) years of the date upon which the qualifying degree was awarded.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4111 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma State Regents for Higher Education shall develop a form for use in compliance by qualified participants pursuant to the Oklahoma Workforce Talent Enhancement Act. The form shall clearly indicate the institution within The Oklahoma State System of Higher Education which awards a qualifying degree to an individual, the date the degree has been awarded and such other information as the Regents may require. The form shall also include information regarding any degree awarded by an accredited institution within the state which is not part of The Oklahoma State System of Higher Education.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4112 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Employer Incentive payment paid to an employer pursuant to Section 8 of this act may be used by the qualified employer for any lawful business purpose. The Legislature encourages the use of the Employer Incentive payment for specialized employee training.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4113 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma State Regents for Higher Education shall ensure that the funds apportioned pursuant to paragraph 1 of Section 8 of this act are credited for the exclusive use of the institution that awarded the degree to any person who is a qualified participant. The institution within The Oklahoma State System of Higher Education

may use funds apportioned pursuant to this act in order to provide scholarships for incoming freshmen or graduate students as the institution may decide, for targeted curriculum enhancement designed to improve the earning capacity of persons attending the institution and for such faculty incentives as may be directed by the institution in order to promote the success of the Oklahoma Workforce Talent Enhancement Act.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4114 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The State Department of Education shall ensure that the funds apportioned pursuant to paragraph 2 of Section 8 of this act are credited for the exclusive use of common school districts within the state. The State Department of Education shall develop a formula for distribution of the funds apportioned pursuant to paragraph 2 of Section 8 of this act using the total number of school districts, drop-out rates, the number of high school students in each district, average daily membership or such other factors as the Department selects for the purpose of promoting education beyond secondary school at institutions within the state.

B. Common schools may use the funds so apportioned for:

1. Classroom teacher bonuses;

2. Expanded curriculum and for providing courses designed to facilitate and promote course work within The Oklahoma State System of Higher Education or private colleges or universities;

3. Honors courses or advanced placement programs;

4. Professional development; and

5. Such other uses as may be approved by the State Department of Education for the purpose of promoting education beyond secondary school at institutions of higher education within the state and which promote the purposes of the Oklahoma Workforce Talent Enhancement Act.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4115 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Department of Career and Technology Education shall ensure that the funds apportioned pursuant to paragraph 3 of Section 8 of this act are credited for the exclusive use of technology centers.

B. Technology centers may use the funds so apportioned for:

1. Classroom teacher bonuses;

2. Expanded curriculum development or courses designed to facilitate and promote course work within The Oklahoma State System of Higher Education or private colleges or universities;

3. Professional development; or

4. Such other uses as may be approved by the Oklahoma Department of Career and Technology Education for the purpose of promoting education beyond secondary school at institutions of higher education within the state and which promote the purposes of the Oklahoma Workforce Talent Enhancement Act.

SECTION 16. This act shall become effective January 1, 2002.

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