

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2548

By: Liotta

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; defining terms; authorizing income tax credit for certain compensation paid to certain interns; specifying amount of credit; directing governing bodies to develop criteria to identify students for internship; requiring the Board of Regents or governing boards to make certain determination about internship program; providing for the award of college credit for internship; prohibiting use of credit to reduce liability below certain amount; authorizing carryover; authorizing income tax credit for certain qualified expenses; defining terms; prohibiting use of credit to reduce liability below certain amount; authorizing carryover; 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 2357.151 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Eligible employer" means a sole proprietor, partnership, corporation, limited liability company or other legally recognized business entity engaged in a lawful business activity and which has been approved by the Oklahoma State Regents for Higher Education or other governing board of an accredited college or university to engage the services of a qualified intern;

2. "Eligible employment" means work performed by a qualified intern for an eligible employer within the State of Oklahoma;

3. "Compensation" means wages or salary or other remuneration paid by an eligible employer to a qualified intern during the period

of time the student has been certified by a college or university to be an intern; and

4. "Qualified intern" means a student enrolled either part-time with a minimum of three (3) hours in regularly graded course work or full-time with a minimum of twelve (12) hours in regularly graded course work, at an institution within The Oklahoma State System of Higher Education or any other accredited college or university located within the state who is pursuing a bachelor's degree and who is considered by the applicable college or university to be either a junior or senior for academic purposes or a student pursuing a master's degree or a doctorate.

B. For taxable years beginning after December 31, 2006, there shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes equal to fifty percent (50%) of the compensation paid by an eligible employer to a qualified intern for eligible employment.

C. The governing board of each institution within The Oklahoma State System of Higher Education and the governing board of any other accredited college or university within the state shall develop criteria to identify students who are eligible to be placed as interns with an eligible employer. The Board of Regents for The Oklahoma State System of Higher Education or the governing board of any other accredited college or university shall give consideration to the academic studies, skills or interests of the student with respect to potential service as an intern for an eligible employer.

D. No internship shall be authorized for the credit provided by this section for compensation paid to a qualified intern unless the Board of Regents or other governing board, as applicable, determines that the internship and the nature of the business activity engaged in by the eligible employer is likely to provide a positive experience for the intern and that the nature of the business

activity conducted does not pose a threat of harm, physical or otherwise, to the intern.

E. Any person who becomes placed as an intern with an employer that may claim the credit authorized by this section shall receive college credit for the hours worked if the student successfully completes all other class work in which the student is enrolled with a grade of C or better and the supervising professor awards a grade of C or better for the internship curricula. The Board of Regents for The Oklahoma State System of Higher Education or other governing board of an accredited college or university shall establish a policy regarding the number of hours of college credit to be awarded based upon the number of hours worked by the intern.

F. The credit authorized by this section shall not be used to reduce the liability of the taxpayer to less than zero (0).

G. Any credit claimed, but not used, may be carried over, in order, to each of the five (5) succeeding taxable years.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.152 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Qualified internship recruiting expense" means:

- a. advertising costs,
- b. salary and benefit expenses for persons directly engaged in the process of identifying and interviewing a qualified college intern candidate to the extent such costs are directly related to the search for, hiring of and training of a college intern, and
- c. travel and lodging expenses to the extent such expenses are directly related to the process for interviewing, communications and other activity the principal purpose of which is to identify and engage the services of a qualified intern; and

2. "Qualified intern" means a person defined by paragraph 4 of subsection A of Section 1 of this act.

B. For taxable years beginning after December 31, 2006, there shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes equal to fifty percent (50%) of qualified internship recruiting expenses.

C. The credit authorized by this section shall not be used to reduce the liability of the taxpayer to less than zero (0).

D. Any credit authorized, but not used, may be carried over, in order, to each of the five (5) succeeding taxable years.

SECTION 3. This act shall become effective January 1, 2007.

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