

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2617

By: Cox

AS INTRODUCED

An Act relating to revenue and taxation; defining terms; authorizing income tax credit; providing income tax credit based upon certain qualifying wage costs incurred with respect to certain graduates of institutions of higher learning; specifying amount of credit based upon year of employment; prohibiting use of credit in excess of certain liability amount; authorizing carryover; imposing maximum number of taxable years for which credit claimed; 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 2357.301 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Graduate" means any person having been awarded a bachelor's degree, master's degree, doctorate or other postgraduate degree by an institution;

2. "Institution" means any college or university within The Oklahoma State System of Higher Education or any other accredited college or university;

3. "Qualified employer" means a sole proprietor, general partnership, limited partnership, limited liability company, corporation or other legally recognized business entity whose principal business activity is described by any of the following provisions of the Standard Industrial Classification Manual (latest revision);

a. 1311, Crude Petroleum and Natural Gas,

b. 1321, Natural Gas Liquids,

- c. 1381, Drilling Oil and Gas Wells,
- d. 1382, Oil and Gas Field Exploration Services,
- e. 1389, Oil and Gas Field Services, Not Elsewhere Classified,
- f. 2822, Synthetic Rubber,
- g. 2823, Cellulosic Manmade Fibers 2834, Pharmaceutical Preparations,
- h. 2824, Manmade Organic Fibers, Except Cellulosic,
- i. 2833, Medicinal Chemicals and Botanical Products,
- j. 2834, Pharmaceutical Preparations,
- k. 2835, In Vitro and In Vivo Diagnostic Studies,
- l. 2836, Biological Products, Except Diagnostic Substances,
- m. 3571, Electronic Computers,
- n. 3572, Computer Storage Devices,
- o. 3575, Computer Terminals,
- p. 3577, Computer Peripheral Equipment, Not Elsewhere Classified,
- q. 3578, Calculating and Accounting Machines, Except Electronic Computers, and
- r. 3579, Office Machines, Not Elsewhere Classified; and

4. "Qualified wage cost" means either payments in the form of contract labor for which the payor is required to provide a Form 1099 to the person paid, or wages subject to withholding paid to a part-time employee or full-time employee for wages, salary or other remuneration paid to such person, exclusive of any employer-provided retirement benefit, employer-provided medical or health care benefit, reimbursement for travel, meals, lodging or any other expense reimbursed to the graduate.

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 for qualified wage costs incurred with respect to a graduate by a qualified employer.

C. The credit authorized by subsection B of this section shall be in the amount of:

1. One hundred percent (100%) of the qualified wage cost for the first year of employment;

2. Eighty percent (80%) of the qualified wage cost for the second year of employment;

3. Sixty percent (60%) of the qualified wage cost for the third year of employment;

4. Forty percent (40%) of the qualified wage cost for the fourth year of employment; and

5. Twenty percent (20%) of the qualified wage cost for the fifth year of employment.

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

E. Any credit not used may be carried over, in order, to each of the five (5) subsequent taxable years.

F. No credit otherwise authorized pursuant to this section shall be claimed by a qualified employer based upon qualifying wage costs with respect to a graduate after the fifth taxable year for which any credit authorized by this section is claimed based upon qualified wage costs with respect to such graduate, regardless of the total number of employers claiming a credit authorized by this section.

G. The provisions of this section shall not prohibit a qualified employer from claiming a credit for qualified wage costs if the graduate to whom remuneration or compensation was paid previously worked for any other qualified employer who claimed credit authorized by this section.

SECTION 2. This act shall become effective January 1, 2007.

50-2-8435 MAH 01/14/06