

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2949

By: Dorman

AS INTRODUCED

An Act relating to revenue and taxation; defining terms; authorizing income tax credit for certain qualified direct costs incurred by employers; providing credit available based upon certain voluntary employment terminations associated with military duty assignments of spouses; requiring certain statements; prohibiting use of credit to reduce tax liability beyond 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 2357.91 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Employer" means a sole proprietor, general partnership, limited partnership, limited liability partnership, corporation, limited liability company, limited liability limited partnership, trust, estate or other legally recognized business entity;

2. "Qualified direct cost" means the expenses incurred by the employer in locating, interviewing, hiring and training the voluntarily terminated employee and any employee hired to replace such voluntarily terminated employee; provided, that the expenses associated with training a replacement employee may not be claimed for a period exceeding one (1) year after the replacement employee is hired and shall not exceed a total cost, for purposes of the credit authorized by this section, of One Thousand Dollars (\$1,000.00) for any voluntarily terminated employee; and

3. "Voluntarily terminated employee" means a person engaged in employment within the State of Oklahoma by an employer and who leaves employment without being required to do so by an employer and without being subjected to any undue influence to leave the employment.

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 one hundred percent (100%) of the qualified direct cost to an employer resulting from the voluntary termination from employment of an employee who is the spouse of any person, who, after the employment relationship begins, is:

1. Assigned to active duty with any branch of the United States military;

2. Assigned to reserve duty; or

3. Assigned to duty with the National Guard, if such termination results from a change in the location of the duty assignment of such spouse for a period of at least one (1) year outside the State of Oklahoma and the employee voluntarily terminates employment in order to follow the spouse to the location of the new duty assignment.

C. If an employer claims the credit authorized by this section, the employer shall obtain a verified statement from the voluntarily terminated employee on such form as may be prescribed by the Oklahoma Tax Commission for such purpose stating:

1. The employment relationship was terminated voluntarily and not under any threat or coercion from the employer;

2. The employment relationship was terminated in order for the employee to follow the employee's spouse to another location for a period of at least one (1) year outside the State of Oklahoma resulting from a change in a military duty assignment as described by subsection B of this section; and

3. Such other information as the Tax Commission may require.

D. The credit authorized by this section may not be used to reduce the tax liability of the claimant to less than zero (0). Any credit claimed, but not used, may be carried over, in order, to each of the five (5) subsequent taxable years.

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

50-2-7947 MAH 12/07/05