

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

SENATE BILL 1658

By: Jolley

AS INTRODUCED

An Act relating to revenue and taxation; creating the Oklahoma College Degree Encouragement Act; providing short title; providing income tax credit for specified taxpayers for certain payments and commitments for payment; providing for amount of, and limits on, credit to each taxpayer; providing limit on total credits granted; requiring Oklahoma Tax Commission to prescribe forms and promulgate rules; defining terms; authorizing carryover of credits; creating Oklahoma College Degree Encouragement Act Endowment Fund and providing for transfer of funds to specified other funds; 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 2357.105 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 College Degree Encouragement Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.106 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2006, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes equal to an amount specified in subsection B of this section for an eligible taxpayer's qualified payment or commitment for payment in support of higher education pursuant to this act.

B. The credit provided for in subsection A of this section shall be equal to:

1. One hundred percent (100%) of any qualified payment to an institution of higher learning on behalf of the eligible taxpayer's

employee for the purpose of obtaining such employee's first bachelor's degree;

2. Seventy percent (70%) of any qualified payment to an institution of higher learning on behalf of the eligible taxpayer's employee for the purpose of obtaining an advanced academic degree;

3. One hundred percent (100%) of any donation to the Oklahoma College Degree Encouragement Act Endowment Fund created in Section 3 of this act; and

4. Seventy percent (70%) of a one-year qualified commitment for payment or one hundred percent (100%) of a multi-year qualified commitment for payment to any higher education scholarship fund available to families whose children qualify for free and reduced-price school lunch programs.

C. In no event shall the credit provided for in subsection A of this section exceed One Hundred Thousand Dollars (\$100,000.00) for any taxpayer or Twenty-five Million Dollars (\$25,000,000.00) for all taxpayers claiming such credit in any tax year. The Oklahoma Tax Commission shall prescribe an application form and promulgate rules for the acceptance of applications for the tax credit on a first-come, first-served basis.

D. As used in this section:

1. "Eligible taxpayer" means any corporation, partnership, sole proprietorship or limited liability company doing business in this state or deriving income from sources within this state and subject to the provisions of Section 2355 of Title 68 of the Oklahoma Statutes;

2. "Qualified payment" means an amount actually paid by an eligible taxpayer for tuition, books or fees on behalf of an employee to an institution of higher learning for the purpose of obtaining either a Bachelor's or advanced degree;

3. "Qualified commitment for payment" means a contractual obligation for payment by an eligible taxpayer to any higher

education scholarship fund available to families whose children qualify for free and reduced-price school lunch programs; and

4. "Institution of higher learning" means an institution of the Oklahoma State System of Higher Education or a private or independent, not-for-profit college or university domiciled within this state, fully accredited by the Higher Learning Commission of the North Central Association on Colleges and Schools.

E. Any credits allowed pursuant to the provisions of this act but not used in any tax year may be carried over in order to each of the four (4) years following the year of qualification subject to the limitations provided in this section.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.107 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a fund to be known as the "Oklahoma College Degree Encouragement Act Endowment Fund". The fund principal shall consist of the portion of monies which are received by the State of Oklahoma by donation for the fund and any other monies that may be appropriated or otherwise directed to the fund by the Legislature.

B. Any funds which are deposited in the Oklahoma College Degree Encouragement Act Endowment Fund pursuant to paragraph 3 of subsection B of Section 2 of this act shall be transferred to the following funds in the specified amounts:

1. Fifty percent (50%) to the Oklahoma Higher Learning Access Trust Fund; and

2. Fifty percent (50%) to the Oklahoma Tuition Equalization Grant Trust Fund.

SECTION 4. This act shall become effective January 1, 2007.