

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

SENATE BILL 628

By: Mazzei

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 54006, which relates to income tax credits; providing tax income tax credit for increase in employment under certain conditions; providing term of, and conditions and eligibility for credit; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2001, Section 54006, is amended to read as follows:

Section 54006. A. For taxable years beginning after December 31, 1992, and before January 1, 2003, and for taxable years beginning after December 31, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of this title for a net increase in the number of full-time-equivalent employees engaged in computer services, data processing or research and development as defined in Section 54003 of this title, in this state including employees engaged in support services.

B. The credit provided for in subsection A of this section shall be allowed in each of the four (4) subsequent years only if the level of new employees is maintained in the subsequent year; provided, such credit shall be allowed in each of the eight (8) subsequent years only if the level of new employees is maintained in the subsequent year and if the credit is taken for taxable years beginning after December 31, 2005. In calculating the credit by the number of new employees, only those employees whose paid wages or salary were at least Thirty-five Thousand Dollars (\$35,000.00) during each year the credit is claimed shall be included in the

calculation. The number of new employees shall be determined by comparing the monthly average number of full-time employees subject to Oklahoma income tax withholding for the final quarter of the taxable year with the corresponding period of the prior taxable year, as substantiated by such reports as may be required by the Tax Commission.

C. ~~In~~ For credits taken for taxable years beginning after December 31, 1992, and before January 1, 2003, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 1992. For credits taken for taxable years beginning after December 31, 2005, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 2005.

D. The credit allowed by subsection A of this section shall be Five Hundred Dollars (\$500.00) for each new employee, but not to exceed fifty new employees.

E. Any credits allowed but not used in any taxable year may be carried over in order to each of the four (4) years following the year of qualification and to the extent not used in those years in order to each of the five (5) years following the initial five-year period.

SECTION 2. This act shall become effective January 1, 2006.