

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 SENATE BILL 862

By: Corn

4
5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; defining
8 terms; providing for tax credit for certain tuition
9 reimbursement; limiting amount of credit; prohibiting
10 use of credit to reduce tax liability below a certain
11 amount; providing maximum number of years to claim
12 tax credit; providing tax credit for compensation to
13 certain employees; providing maximum annual amount of
14 credit; prohibiting use of credit to reduce tax
15 liability below a certain amount; providing maximum
16 number of taxable years for which credit can be
17 claimed; providing tax credit for certain employees;
18 providing maximum amount of credit; imposing maximum
19 number of taxable years for which credit claimed;
20 prohibiting use of credit to reduce tax liability
21 below a certain amount; authorizing carryover of
22 credit; providing for codification; and providing
23 effective date.

24 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 2357.305 of Title 68, unless
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Automotive manufacturing sector" means a private
organization engaged in the manufacture of automobiles or trucks,

1 supply of parts to the automotive manufacturing industry, provision
2 of services and support relating to the automotive manufacturing
3 industry, research and development of automotive manufacturing
4 technology and systems, and the education and training of automotive
5 manufacturing industry personnel;

6 2. "Compensation" means payments in the form of contract labor
7 for which the payor is required to provide a Form 1099 to the person
8 paid, wages subject to withholding tax paid to a part-time employee
9 or full-time employee, or salary or other remuneration.

10 Compensation shall not include employer-provided retirement, medical
11 or health-care benefits, reimbursement for travel, meals, lodging or
12 any other expense;

13 3. "Institution" means an institution within The Oklahoma State
14 System of Higher Education or any other public or private college or
15 university that is accredited by a national accrediting body;

16 4. "Qualified employer" means a sole proprietor, general
17 partnership, limited partnership, limited liability company,
18 corporation, other legally recognized business entity, or public
19 entity whose principal business activity involves the automotive
20 manufacturing sector;

21 5. "Qualified employee" means any person employed by or
22 contracting with a qualified employer on or after January 1, 2010,
23 who has been awarded an undergraduate or graduate degree from a
24 qualified program by an institution, and who was not employed in the

1 automotive manufacturing sector in this state immediately preceding
2 employment or contracting with a qualified employer;

3 6. "Qualified program" means a program that has been accredited
4 by the Engineering Accreditation Commission of the Accreditation
5 Board for Engineering and Technology (ABET) and that awards an
6 undergraduate or graduate degree; and

7 7. "Tuition" means the average annual amount paid by a
8 qualified employee for enrollment and instruction in a qualified
9 program. Tuition shall not include the cost of books, fees or room
10 and board.

11 B. 1. For taxable years beginning after December 31, 2009, a
12 qualified employer shall be allowed a credit against the tax imposed
13 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
14 tuition reimbursed to a qualified employee.

15 2. The credit authorized by paragraph 1 of this subsection may
16 be claimed only if the qualified employee has been awarded an
17 undergraduate or graduate degree within one (1) year of commencing
18 employment with the qualified employer.

19 3. The credit authorized by paragraph 1 of this subsection
20 shall be in the amount of fifty percent (50%) of the tuition
21 reimbursed to a qualified employee for the first through fourth
22 years of employment. In no event shall this credit exceed fifty
23 percent (50%) of the average annual amount paid by a qualified
24

1 employee for enrollment and instruction in a qualified program at a
2 public institution in Oklahoma.

3 4. The credit authorized by paragraph 1 of this subsection
4 shall not be used to reduce the tax liability of the qualified
5 employer to less than zero (0).

6 5. No credit authorized by this subsection shall be claimed
7 after the fourth year of employment.

8 C. 1. For taxable years beginning after December 31, 2009, a
9 qualified employer shall be allowed a credit against the tax imposed
10 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
11 compensation paid to a qualified employee.

12 2. The credit authorized by paragraph 1 of this subsection
13 shall be in the amount of:

14 a. ten percent (10%) of the compensation paid for the
15 first through fifth years of employment in the
16 automotive manufacturing sector if the qualified
17 employee graduated from an institution located in this
18 state, or

19 b. five percent (5%) of the compensation paid for the
20 first through fifth years of employment in the
21 automotive manufacturing sector if the qualified
22 employee graduated from an institution located outside
23 this state.

24

1 3. The credit authorized by this section shall not exceed
2 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
3 employee annually.

4 4. The credit authorized by this section shall not be used to
5 reduce the tax liability of the qualified employer to less than zero
6 (0).

7 5. No credit authorized pursuant to this section shall be
8 claimed after the fifth year of employment.

9 D. 1. For taxable years beginning after December 31, 2009, a
10 qualified employee shall be allowed a credit against the tax imposed
11 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes of up
12 to Five Thousand Dollars (\$5,000.00) per year for a period of time
13 not to exceed five (5) years.

14 2. The credit authorized by paragraph 1 of this subsection
15 shall not be used to reduce the tax liability of the taxpayer to
16 less than zero (0).

17 3. Any credit claimed pursuant to paragraph 1 of this
18 subsection, but not used, may be carried over, in order, to each of
19 the five (5) subsequent taxable years.

20 SECTION 2. This act shall become effective January 1, 2010.

21

22 52-1-181 JCR 3/6/2009 7:16:29 AM

23

24