

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 SENATE BILL 1054

By: Garrison

4
5 AS INTRODUCED

6 An Act relating to income tax; defining terms;
7 providing income tax credit for a portion of certain
8 compensation paid to specified employees; limiting
9 amount of credit and use of credit for purposes of
10 tax liability; providing for codification; and
11 providing an effective date.

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

13 SECTION 1. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2357.403 of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Compensation" means payments in the form of contract labor
18 for which the payor is required to provide a Form 1099 to the person
19 paid, wages subject to withholding tax paid to a full-time employee,
20 or salary or other remuneration. Compensation shall not include
21 employer-provided retirement, medical or health-care benefits,
22 reimbursement for travel, meals, lodging or any other expense;

23 2. "Qualified employee" means any person employed by or
24 contracting with a qualified Oklahoma employer for the first time on
or after January 1, 2012, who has been employed for at least twelve

1 (12) months on a full-time-equivalent basis with the qualified
2 Oklahoma employer, and who was not employed by the qualified
3 Oklahoma employer prior to the twelve-month period; and

4 3. "Qualified Oklahoma employer" means a sole proprietor,
5 general partnership, limited partnership, limited liability company,
6 corporation, other legally recognized business entity, or public
7 entity whose principal business activity is domiciled in Oklahoma
8 and who has never employed or contracted with the qualified employee
9 prior to the employment or contract qualifying for the credit
10 provided by this section.

11 B. For taxable years beginning on or after January 1, 2013 and
12 ending before January 1, 2018, a qualified employer shall be allowed
13 a credit against the tax imposed pursuant to Section 2355 of Title
14 68 of the Oklahoma Statutes equal to fifty percent (50%) of the
15 compensation paid to a qualified employee during the first twelve
16 (12) months of full-time-equivalent employment. The credit
17 authorized by this section shall not exceed Twelve Thousand Five
18 Hundred Dollars (\$12,500.00) for each qualified employee annually.

19 C. The credit authorized by this section shall not be used to
20 reduce the tax liability of the qualified employer to less than zero
21 (0).

22 SECTION 2. This act shall become effective November 1, 2012.

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