

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3378

By: Dollens, Wallace and
Blancett

COMMITTEE SUBSTITUTE

[revenue and taxation - income tax credits -
apprentice positions - cap on tax credits -
Governor's Council for Workforce and Economic
Development rules - Oklahoma Department of Commerce
- consultation Oklahoma Tax Commission - annual
report - report - codification - 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 2357.501 of Title 68, unless
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Apprentice" means a worker at least sixteen (16) years of
age, except where a higher minimum age standard is otherwise fixed
by law, who is employed to learn an apprenticeable occupation as

1 provided in 29 C.F.R., Section 29.4. The term includes a person who
2 is compensated by a third party but whose apprenticeable work occurs
3 under the supervision of an eligible employer;

4 2. "Apprenticeable agreement" means a written agreement,
5 complying with 29 C.F.R., Section 29.2, between an apprentice and
6 either the apprentice's program sponsor, or an apprenticeship
7 committee acting as agent for the program sponsors, which contains
8 the terms and conditions of the employment and training of the
9 apprentice;

10 3. "Council" means the Governor's Council for Workforce and
11 Economic Development; and

12 4. "Eligible employer" means a taxpayer who employs an
13 apprentice pursuant to an apprentice agreement registered with the
14 Office of Apprenticeship of the Employment and Training
15 Administration of the United States Department of Labor.

16 B. For taxable years beginning on or after January 1, 2021, and
17 ending not later than December 31, 2025, there shall be allowed as a
18 credit against the tax imposed pursuant to Section 2355 of Title 68
19 of the Oklahoma Statutes in the amount of One Thousand Dollars
20 (\$1,000.00) for each qualified apprentice employed by an eligible
21 employer for a period of at least seven (7) months during the
22 preceding calendar year.

23 C. Any eligible employer who enters into an apprenticeship
24 agreement must ensure compliance with any applicable Oklahoma state

1 law in regards to that industry or trade, including demonstrating
2 compliance for each qualified apprentice, to qualify for this
3 credit.

4 D. No employer shall be able to claim the credit authorized by
5 this section for more than ten apprentices for the duration of the
6 five (5) taxable years for which the credit is available.

7 E. The credit authorized by the provisions of this section
8 shall not be used to reduce the tax liability of the taxpayer to
9 less than zero (0).

10 F. The credit authorized by the provisions of this section may
11 not be carried over from one taxable year to any other taxable year.

12 G. The provisions of this section shall cease to have the force
13 and effect of law on January 1, 2026.

14 H. The total amount of credits authorized by this section used
15 to offset tax shall be adjusted annually to limit the annual amount
16 of credits to Three Million Dollars (\$3,000,000.00). The Oklahoma
17 Tax Commission shall annually calculate and publish a percentage by
18 which the credits authorized by this section shall be reduced so the
19 total amount of credits used to offset tax does not exceed Three
20 Million Dollars (\$3,000,000.00) per year. The formula to be used
21 for the percentage adjustment shall be Three Million Dollars
22 (\$3,000,000.00) divided by the credits used to offset tax in the
23 second preceding year.
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1 I. Pursuant to subsection H of this section, in the event the
2 total tax credits authorized by this section exceed Three Million
3 Dollars (\$3,000,000.00) in any calendar year, the Tax Commission
4 shall permit any excess over Three Million Dollars (\$3,000,000.00)
5 but shall factor such excess into the percentage adjustment formula
6 for subsequent years.

7 J. The tax credit authorized by the provisions of this section
8 fulfills the requirements of Section 46A of Title 62 of the Oklahoma
9 Statutes because it is based on employment of persons who might not
10 otherwise be employed or who, although employed, would not have the
11 same skill level for the job position without the tax credit
12 authorized pursuant to the provisions of this section.

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2357.502 of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. The Governor's Council for Workforce and Economic
17 Development, in coordination with the Oklahoma Department of
18 Commerce, may adopt any rules necessary to establish standards for
19 participation and eligibility and to implement and administer the
20 tax credit program authorized by Section 1 of this act. The Council
21 shall consult with the Oklahoma Tax Commission to coordinate
22 implementation and administration of this act.

23 B. The Council shall provide an annual report to the Chair of
24 the Appropriations and Budget Committee of the Oklahoma House of

1 Representatives and the Chair of the Finance Committee of the
2 Oklahoma State Senate to account for the effectiveness of the
3 apprenticeship program under this act not later than January 31 each
4 year with respect to program activities and program performance with
5 respect to the preceding calendar year.

6 SECTION 3. This act shall become effective November 1, 2020.

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