

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL NO. 1858

By: Montgomery and David

COMMITTEE SUBSTITUTE

[ income tax credit - tuition reimbursements -  
qualified employee in hydrogen manufacturing industry  
credit eligibility - 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 2357.407 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in this section:

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

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

1        2. "Hydrogen manufacturing industry" means establishments whose  
2 principal business activity involves hydrogen manufacturing, as  
3 defined or classified in the NAICS Manual under Industry Group No.  
4 325120;

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

8        4. "Qualified employer" means a sole proprietor, general  
9 partnership, limited partnership, limited liability company,  
10 corporation, other legally recognized business entity, or public  
11 entity whose principal business activity involves hydrogen  
12 manufacturing, as defined or classified in the NAICS Manual under  
13 Industry Group No. 325120;

14        5. "Qualified employee" means any person that is a resident of  
15 this state, regardless of the date of hire, employed in this state  
16 by or contracting in this state with a qualified employer on or  
17 after January 1, 2023, who was not employed in the hydrogen  
18 manufacturing industry in this state immediately preceding  
19 employment or contracting with a qualified employer, and who has  
20 been either:

21            a.    awarded an undergraduate or graduate degree from a  
22                    qualified program by an institution, or

23            b.    licensed as a professional engineer by the State Board  
24                    of Licensure for Professional Engineers and Land

1 Surveyors pursuant to Section 475.15 of Title 59 of  
2 the Oklahoma Statutes.

3 Provided, the definition shall not be interpreted to exclude any  
4 person who was not a full-time engineer and was employed in the  
5 hydrogen manufacturing industry prior to being awarded an  
6 undergraduate or graduate degree from a qualified program by an  
7 institution or any person who has been awarded an undergraduate or  
8 graduate degree from a qualified program by an institution and is  
9 employed by a professional staffing company and assigned to work in  
10 the hydrogen manufacturing industry in this state;

11 6. "Qualified program" means a program at an institution that  
12 includes a graduate or undergraduate program that has been  
13 accredited by the Engineering Accreditation Commission of the  
14 Accreditation Board for Engineering and Technology (ABET) and that  
15 awards an undergraduate or graduate degree. Both the undergraduate  
16 and graduate programs of the same discipline of engineering at an  
17 institution shall be part of the qualified program if either program  
18 is ABET accredited; and

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

23 B. For tax years 2023 through 2030, a qualified employer shall  
24 be allowed a credit against the tax imposed pursuant to Section 2355

1 of Title 68 of the Oklahoma Statutes for tuition reimbursed to a  
2 qualified employee.

3 C. The credit authorized by subsection B of this section may be  
4 claimed only if the qualified employee has been awarded an  
5 undergraduate or graduate degree within one (1) year of commencing  
6 employment with the qualified employer.

7 D. The credit authorized by subsection B of this section shall  
8 be in the amount of fifty percent (50%) of the tuition reimbursed to  
9 a qualified employee for the first through fourth years of  
10 employment. In no event shall this credit exceed fifty percent  
11 (50%) of the average annual amount paid by a qualified employee for  
12 enrollment and instruction in a qualified program at a public  
13 institution in this state.

14 E. For tax years 2023 through 2030, a qualified employee shall  
15 be allowed a credit against the tax imposed pursuant to Section 2355  
16 of Title 68 of the Oklahoma Statutes for compensation received from  
17 a qualified employer.

18 F. The credit authorized by subsection E of this section shall  
19 be equal to the amount of compensation received, but shall not  
20 exceed the following:

21 1. Two Thousand Five Hundred Dollars (\$2,500.00) for the first  
22 year of employment;

23 2. Two Thousand Dollars (\$2,000.00) for the second year of  
24 employment;

1        3. One Thousand Five Hundred Dollars (\$1,500.00) for the third  
2 year of employment;

3        4. One Thousand Dollars (\$1,000.00) for the fourth year of  
4 employment; and

5        5. Five Hundred Dollars (\$500.00) for the fifth year of  
6 employment.

7        G. The credit authorized by subsections B and E of this section  
8 shall not be used to reduce the tax liability of the qualified  
9 employer to less than zero (0).

10       H. No credit authorized by this section shall be claimed after  
11 the fifth year of employment.

12       I. Any credit authorized by subsections B and E of this section  
13 claimed, but not used, may be carried over, in order, to each of the  
14 five (5) subsequent taxable years.

15       J. No taxpayer may claim the credit authorized by this section  
16 that has claimed a credit pursuant to either Sections 2357.302  
17 through 2357.304 or 2357.404 of Title 68 of the Oklahoma Statutes.

18       SECTION 2. This act shall become effective November 1, 2022.

19

20       58-2-3671        QD        3/1/2022 11:05:19 AM

21

22

23

24