

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3498

By: McEntire

COMMITTEE SUBSTITUTE

[revenue and taxation - tax credit - 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:

As used in this act:

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

4 3. "Qualified employer" means a sole proprietor, general
5 partnership, limited partnership, limited liability company,
6 corporation, other legally recognized business entity or public
7 entity;

8 4. "Qualified software employee" means any person employed in
9 Oklahoma by a qualified employer hired on or after January 1, 2022,
10 who:

- 11 a. has been awarded a degree in a qualified program from
- 12 an institution or a technology center, and
- 13 b. is employed as a software engineer by a qualified
- 14 employer;

15 5. "Qualified program" means:

- 16 a. an undergraduate or graduate information technology,
- 17 computer science, or computer engineering degree
- 18 program accredited by the Computing Accreditation
- 19 Commission (CAC) or the Engineering Accreditation
- 20 Commission (EAC) of the Accreditation Board for
- 21 Engineering and Technology (ABET) offered at an
- 22 institution, or
- 23 b. a software, programming, software programming, coding,
- 24 application development, computer science, or

1 information technology program requiring more than
2 eight hundred (800) hours of class time; and

3 6. "Technology center" means an institution in the Oklahoma
4 State Board of Career and Technology Education that offers qualified
5 programs as defined in this section.

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

9 A. For taxable years beginning on or after January 1, 2022, a
10 qualified employer shall be allowed a credit against the tax imposed
11 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
12 compensation paid to a qualified software employee hired on or after
13 January 1, 2022.

14 B. The credit authorized by subsection A of this section shall
15 be in the amount of:

16 1. Ten percent (10%) of the compensation paid for the first
17 through fifth years of employment if the qualified software employee
18 graduated from an institution located in this state; or

19 2. Five percent (5%) of the compensation paid for the first
20 through fifth years of employment if the qualified software employee
21 graduated from an institution located outside this state.

22 C. The credit authorized by this section shall not exceed
23 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
24 software employee annually.

1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the qualified employer to less than zero
3 (0).

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

6 F. A qualified employer shall be permitted to claim either the
7 credit authorized pursuant to this section for the compensation paid
8 to a qualified software employee or to claim other credits
9 authorized by law for the compensation paid to or education expenses
10 paid to or on behalf of the qualified software employee, but shall
11 not be able to claim more than one credit for the same taxable
12 period with respect to compensation paid to or education expenses
13 paid to or on behalf of the same employee. A qualified employer
14 claiming the credit authorized by this section shall not be eligible
15 for payment of incentives for qualified software employees pursuant
16 to:

- 17 1. The Oklahoma Quality Jobs Program Act;
- 18 2. The 21st Century Quality Jobs Incentive Act; or
- 19 3. The Oklahoma Remote Quality Jobs Incentive Act.

20 SECTION 3. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 2357.503 of Title 68, unless
22 there is created a duplication in numbering, reads as follows:

23 A. For taxable years beginning on or after January 1, 2022, a
24 qualified software employee shall be allowed a credit against the

1 tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
2 Statutes of up to Five Thousand Dollars (\$5,000.00) per year for a
3 period of time not to exceed five (5) years.

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

6 C. Any credit claimed, but not used, may be carried over, in
7 order, to each of the five (5) subsequent taxable years.

8 D. A qualified software employee shall be permitted to claim
9 the credit authorized pursuant to this section, but if the qualified
10 software employee claims the credit authorized by this section, the
11 employee shall not be eligible to claim the credit authorized
12 pursuant to Section 2357.304 of Title 68 of the Oklahoma Statutes or
13 the credit authorized pursuant to Section 2357.405 of Title 68 of
14 the Oklahoma Statutes. No qualified software employee shall be
15 permitted to claim multiple credits for employment as a qualified
16 software engineer.

17 SECTION 4. This act shall become effective January 1, 2022.

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