

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

SUBCOMMITTEE RECOMMENDATION
FOR

HOUSE BILL 3498

By: McEntire

SUBCOMMITTEE RECOMMENDATION

An Act relating to revenue and taxation; defining terms; creating tax credit for certain qualified employers; authorizing amount of credit; limiting total amount of credit; limiting application of credit; limiting eligibility for credit; creating tax credit for certain qualified software employees; limiting application of credit; preventing claiming of credit and certain other credit; providing for codification; and providing an 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

1 care benefits, reimbursement for travel, meals, lodging, or any
2 other expense;

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

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

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

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

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 this title for compensation paid to a
12 qualified software employee.

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

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

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

21 C. The credit authorized by this section shall not exceed
22 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
23 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 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 2357.503 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 software employee shall be allowed a credit against the
11 tax imposed pursuant to Section 2355 of this title of up to Five
12 Thousand Dollars (\$5,000.00) per year for a period of time not to
13 exceed five (5) years.

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

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

18 D. A qualified software employee shall be permitted to claim
19 either the credit authorized pursuant to this section or the credit
20 authorized pursuant to Section 2357.405 of this title. No qualified
21 software employee shall be permitted to claim both credits.

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