

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL 1858

By: David

COMMITTEE SUBSTITUTE

An Act relating to income tax credit; defining terms; providing tax credit for certain tuition reimbursements; requiring the award of certain degree to claim credit; providing amount of credit; providing credit for certain compensation paid to qualified employee in hydrogen manufacturing industry; limiting amount of credit; prohibiting use of credit to reduce tax liability below zero; providing maximum number of tax years credit can be claimed; authorizing carryover of credit for certain amount of years; 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 2357.407 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.

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

4 2. "Hydrogen manufacturing industry" means establishments whose  
5 principal business activity involves hydrogen manufacturing, as  
6 defined or classified in the NAICS Manual under Industry Group No.  
7 325120;

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

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

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

23 a. awarded an undergraduate or graduate degree from a  
24 qualified program by an institution, or

b. licensed as a professional engineer by the State Board of Licensure for Professional Engineers and Land Surveyors pursuant to Section 475.15 of Title 59 of the Oklahoma Statutes.

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

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

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

1       B. For tax years 2023 through 2033, a qualified employer shall  
2 be allowed a credit against the tax imposed pursuant to Section 2355  
3 of Title 68 of the Oklahoma Statutes for tuition reimbursed to a  
4 qualified employee.

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

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

16       E. For tax years 2023 through 2033, a qualified employee shall  
17 be allowed a credit against the tax imposed pursuant to Section 2355  
18 of Title 68 of the Oklahoma Statutes for compensation received from  
19 a qualified employer.

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

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

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

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

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

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

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

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

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

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

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