HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 3498   By: McEntire and **Phillips** of
the House

and

Montgomery of the Senate

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

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 qualified employer hired on or after January 1, 2022,

12 who:

13   a.   has been awarded a degree in a qualified program from

14   an institution or a technology center, and

15   b.   is employed as a software engineer by a qualified

16   employer;

17   5. "Qualified program" means:

18   a.   an undergraduate or graduate information technology,

19   computer science, or computer engineering degree

20   program accredited by the Computing Accreditation

21   Commission (CAC) or the Engineering Accreditation

22   Commission (EAC) of the Accreditation Board for

23   Engineering and Technology (ABET) offered at an

24   institution, or

1   b.   a software, programming, software programming, coding,

2   application development, computer science, or

3   information technology program requiring more than

4   eight hundred (800) hours of class time; and

5   6.   "Technology center" means an institution in the Oklahoma

6   State Board of Career and Technology Education that offers qualified

7   programs as defined in this section.

8   SECTION 2.   NEW LAW   A new section of law to be codified

9   in the Oklahoma Statutes as Section 2357.502 of Title 68, unless

10   there is created a duplication in numbering, reads as follows:

11   A.   For taxable years beginning on or after January 1, 2022, a

12   qualified employer shall be allowed a credit against the tax imposed

13   pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for

14   compensation paid to a qualified software employee hired on or after

15   January 1, 2022.

16   B.   The credit authorized by subsection A of this section shall

17   be in the amount of:

18   1.   Ten percent (10%) of the compensation paid for the first

19   through fifth years of employment if the qualified software employee

20   graduated from an institution located in this state; or

21   2.   Five percent (5%) of the compensation paid for the first

22   through fifth years of employment if the qualified software employee

23   graduated from an institution located outside this state.

24

1   C.   The credit authorized by this section shall not exceed

2   Twelve Thousand Five Hundred Dollars ($12,500.00) for each qualified

3   software employee annually.

4   D.   The credit authorized by this section shall not be used to

5   reduce the tax liability of the qualified employer to less than zero

6   (0).

7   E.   No credit authorized pursuant to this section shall be

8   claimed after the fifth year of employment.

9   F.   A qualified employer shall be permitted to claim either the

10 credit authorized pursuant to this section for the compensation paid

11 to a qualified software employee or to claim other credits

12 authorized by law for the compensation paid to or education expenses

13 paid to or on behalf of the qualified software employee, but shall

14 not be able to claim more than one credit for the same taxable

15 period with respect to compensation paid to or education expenses

16 paid to or on behalf of the same employee. A qualified employer

17 claiming the credit authorized by this section shall not be eligible

18 for payment of incentives for qualified software employees pursuant

19 to:

20   1.   The Oklahoma Quality Jobs Program Act;

21   2.   The 21st Century Quality Jobs Incentive Act; or

22   3.   The Oklahoma Remote Quality Jobs Incentive Act.

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1   SECTION 3.   NEW LAW   A new section of law to be codified

2 in the Oklahoma Statutes as Section 2357.503 of Title 68, unless

3 there is created a duplication in numbering, reads as follows:

4   A. For taxable years beginning on or after January 1, 2022, a

5 qualified software employee shall be allowed a credit against the

6 tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma

7 Statutes of up to Five Thousand Dollars ($5,000.00) per year for a

8 period of time not to exceed five (5) years.

9   B. The credit authorized by this section shall not be used to

10 reduce the tax liability of the taxpayer to less than zero (0).

11   C. Any credit claimed, but not used, may be carried over, in

12 order, to each of the five (5) subsequent taxable years.

13   D. A qualified software employee shall be permitted to claim

14 the credit authorized pursuant to this section, but if the qualified

15 software employee claims the credit authorized by this section, the

16 employee shall not be eligible to claim the credit authorized

17 pursuant to Section 2357.304 of Title 68 of the Oklahoma Statutes or

18 the credit authorized pursuant to Section 2357.405 of Title 68 of

19 the Oklahoma Statutes. No qualified software employee shall be

20 permitted to claim multiple credits for employment as a qualified

21 software engineer.

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

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24 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
   03/03/2022 - DO PASS, As Amended and Coauthored.