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March 3, 2022

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL NO. 1858

By: Montgomery and David

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[ income tax credit - tuition reimbursements -
qualified employee in hydrogen manufacturing industry
credit eligibility - codification - effective date ]
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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;

2. "Hydrogen manufacturing industry" means establishments whose principal business activity involves hydrogen manufacturing, as

1 defined or classified in the NAICS Manual under Industry Group No.  
2 325120;

3 3. "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 4. "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 whose principal business activity involves hydrogen  
10 manufacturing, as defined or classified in the NAICS Manual under  
11 Industry Group No. 325120;

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

18 a. awarded an undergraduate or graduate degree from a  
19 qualified program by an institution, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
15 March 3, 2022 - DO PASS AS AMENDED. Title stricken by Committee on  
Finance.

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