

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 1858</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	<b>NA</b>
<b>Author:</b>	<b>Rep. Martinez</b>
<b>Date:</b>	<b>4/7/2022</b>
<b>Impact:</b>	<b>Tax Commission:</b>

**UNKNOWN Decrease in  
Income Tax Collections**

**Research Analysis**

SB 1858 creates an income tax credit to employers engaged in hydrogen manufacturing for 50 percent of the tuition reimbursed to an employee for the first through fourth years of employment if the employee has been awarded an undergraduate or graduate degree within one year of commencing employment. Additionally, the measure provides a tax credit for qualified employees for compensation received from a qualified employer, not to exceed \$2,500 for the first year of employment, \$2,000 for the second year, \$1,500 for the third year, \$1,000 for the fourth year, and \$500 for the fifth year. The credits cannot be claimed after the fifth year of employment, but unused credits may be carried over to each of the five subsequent tax years. Both credits sunset in 2023.

Prepared By: Emily McPherson

**Fiscal Analysis**

Analysis provided by the Tax Commission:

Engrossed SB 1858 proposes to create a new income tax credit for a qualified employer whose principal business activity involves hydrogen manufacturing. A qualified employer is allowed a credit for tuition reimbursed to a qualified employee who has been awarded an undergraduate or graduate degree within one year of commencing employment with the qualified employer. Effective for tax years 2023 through 2033, the credit is 50% of the tuition reimbursed to a qualified employee for the first through fourth years of employment, not to exceed 50% of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program at a public Oklahoma institution. Unused credits may be carried forward for five subsequent tax years.

In addition, a qualified employee is allowed a credit for compensation received from a qualified employer whose principal business activity involves hydrogen manufacturing. Effective for tax years 2023 through 2033, a qualified employee is allowed a credit equal to the amount of compensation received, not to exceed the following:

- \$2,500 for the first year of employment.
- \$2,000 for the second year of employment.
- \$1,500 for the third year of employment.
- \$1,000 for the fourth year of employment.
- \$500 for the fifth year of employment.

No credit may be claimed after the fifth year of employment, and any unused credits may be carried forward for five subsequent tax years.

Oklahoma Tax Commission records indicate 19 companies are operating in Oklahoma under NAICS Industry Group No. 325120 with a total of 614 reported employees. The number of employees who may be considered “qualified employees” under this proposal is unknown, and information is not available to determine related tuition reimbursement and compensation amounts. As a result, the expected revenue impact is an unknown decrease in income tax collections. This decrease may begin to occur in FY 23, and the full impact is expected for FY 24 when the 2023 returns are filed.

Prepared By: Mark Tygret

**Other Considerations**

None.