

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SUBCOMMITTEE RECOMMENDATION
FOR

HOUSE BILL NO. 4038

By: Townley

SUBCOMMITTEE RECOMMENDATION

An Act relating to revenue and taxation; creating income tax credit for manufacturing employer; creating income tax credit for manufacturing employee; providing conditions for use of credit; specifying amount of tax credit; defining terms; providing Oklahoma Tax Commission with authority to create rules; providing when credit may be claimed for eligible wages and travel; 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:

A. 1. Except as otherwise provided in subsection C of this section, for tax years beginning on or after July 1, 2024, and ending on or before January 1, 2026, there shall be allowed against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, an eligible employee shall be allowed a refundable credit of up to Five Thousand Dollars (\$5,000.00) per tax year for actual

1 travel expenses incurred in commuting to the location of a qualified
2 manufacturing plant of at least one hundred ten (110) miles per day
3 calculated at the rates provided for in the State Travel
4 Reimbursement Act. In no event shall the credit exceed Seven
5 Million Dollars (\$7,000,000.00) in any tax year for an eligible
6 employee. The total credit claimed shall not exceed Fourteen
7 Million Dollars (\$14,000,000.00) in the lifetime of the program.

8 2. Except as otherwise provided in subsection C of this
9 section, for tax years beginning July 1, 2024, and ending before
10 January 1, 2026, there shall be allowed against the tax imposed by
11 Section 2355 of Title 68 of the Oklahoma Statutes, a refundable tax
12 credit for eligible wages paid by a qualified manufacturing employer
13 to an eligible employee that was laid off by a qualified
14 manufacturing employer. The amount of the credit shall be fifty
15 percent (50%) of the amount of the gross wages paid to the eligible
16 employee, as reported on Internal Revenue Service Form W-2 or Form
17 1099, for a period not to exceed three hundred and sixty-five (365)
18 days but in no event shall the credit exceed Twelve Thousand Five
19 Hundred Dollars (\$12,500.00) for each employee. In no event shall
20 the credit exceed Two Million Five Hundred Thousand Dollars
21 (\$2,500,000.00) in any tax year for a qualified manufacturing
22 employer. The total credit claimed shall not exceed Thirty-Five
23 Million Dollars (\$35,000,000.00) in the lifetime of the program.

24 3. As used in this section:

- 1 a. "Eligible employee" means any full-time or part-time
2 employee who is a resident of the State of Oklahoma
3 and who was laid off on or between January 1, 2024, to
4 December 31, 2025, by a manufacturing employer located
5 in a county with a population of less than one hundred
6 thousand (100,000) in the North American Industry
7 Classification System (NAICS) Manual under Industry
8 Sector No. 3262 and who subsequently goes to work for
9 a qualified manufacturing employer at a qualified
10 manufacturing plant,
- 11 b. "Qualified manufacturing employer" means a business
12 whose manufacturing activities are defined and/or
13 classified in the North American Industry
14 Classification System (NAICS) Manual under Industry
15 Sector No. 32 or 33 at the time of passage of this
16 act, and
- 17 c. "Qualified manufacturing plant" means those
18 establishments whose manufacturing activities are
19 defined and/or classified in the North American
20 Industry Classification System (NAICS) Manual under
21 Industry Sector No. 32 or 33 at the time of passage of
22 this act.

1 B. The Oklahoma Tax Commission and the Oklahoma Department of
2 Commerce shall have the authority to promulgate rules necessary to
3 effectuate the purposes of this section.

4 C. Beginning June 1, 2024, the credit authorized by this
5 section may be claimed for any eligible wages paid or travel claimed
6 on or after June 1, 2024, according to the provisions of this
7 section.

8 D. The provisions of this section shall cease to have the force
9 and effect of law on November 1, 2027.

10 SECTION 2. This act shall become effective November 1, 2024.

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