

1 ENGROSSED HOUSE  
2 BILL NO. 4038

By: Townley and Cantrell of the  
House

3 and

4 Kidd of the Senate

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6  
7 [ revenue and taxation - income tax credit -  
8 manufacturing - Oklahoma Tax Commission - effective  
9 date ]  
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12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2357.501 of Title 68, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. 1. Except as otherwise provided in subsection C of this  
17 section, for tax years beginning on or after July 1, 2024, and  
18 ending on or before January 1, 2026, there shall be allowed against  
19 the tax imposed by Section 2355 of Title 68 of the Oklahoma  
20 Statutes, an eligible employee shall be allowed a refundable credit  
21 of up to Five Thousand Dollars (\$5,000.00) per tax year for actual  
22 travel expenses incurred in commuting to the location of a qualified  
23 manufacturing plant of at least one hundred ten (110) miles per day  
24 calculated at the rates provided for in the State Travel

1 Reimbursement Act. In no event shall the credit exceed Seven  
2 Million Dollars (\$7,000,000.00) in any tax year for an eligible  
3 employee. The total credit claimed shall not exceed Fourteen  
4 Million Dollars (\$14,000,000.00) in the lifetime of the program.

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

21 3. As used in this section:

22 a. "Eligible employee" means any full-time or part-time  
23 employee who is a resident of the State of Oklahoma  
24 and who was laid off on or between January 1, 2024, to

1 December 31, 2025, by a manufacturing employer located  
2 in a county with a population of less than one hundred  
3 thousand (100,000) in the North American Industry  
4 Classification System (NAICS) Manual under Industry  
5 Sector No. 3262 and who subsequently goes to work for  
6 a qualified manufacturing employer at a qualified  
7 manufacturing plant in this state,

8 b. "Qualified manufacturing employer" means a business  
9 whose manufacturing activities are defined and/or  
10 classified in the North American Industry  
11 Classification System (NAICS) Manual under Industry  
12 Sector No. 32 or 33 at the time of passage of this  
13 act, and

14 c. "Qualified manufacturing plant" means those  
15 establishments whose manufacturing activities are  
16 defined and/or classified in the North American  
17 Industry Classification System (NAICS) Manual under  
18 Industry Sector No. 32 or 33 at the time of passage of  
19 this act.

20 B. The Oklahoma Tax Commission and the Oklahoma Department of  
21 Commerce shall have the authority to promulgate rules necessary to  
22 effectuate the purposes of this section.

23 C. Beginning June 1, 2024, the credit authorized by this  
24 section may be claimed for any eligible wages paid or travel claimed

1 on or after June 1, 2024, according to the provisions of this  
2 section.

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

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

6 Passed the House of Representatives the 13th day of March, 2024.

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Presiding Officer of the House  
of Representatives

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11 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2024.

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Presiding Officer of the Senate

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