

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 4038

By: Townley

AS INTRODUCED

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; prohibiting use of tax credit to reduce liability to less than zero; providing Oklahoma Tax Commission with authority to create rules; providing when credit may be claimed for eligible wages and travel; 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 D of this section, for tax years beginning after December 31, 2024, and ending before January 1, 2026, there shall be allowed against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, a credit for eligible wages paid by a qualified manufacturing employer to an eligible employee that was laid off by a qualified

1 manufacturing plant within the last twelve (12) months. The amount
2 of the credit shall be fifty percent (50%) of the amount of the
3 gross wages paid to the employee for a period not to exceed one
4 hundred eighty (180) days but in no event shall the credit exceed
5 Fifty Thousand Dollars (\$50,000.00) for each employee of each
6 taxpayer. In no event shall the total credit claimed exceed Five
7 Hundred Thousand Dollars (\$500,000.00) in any one (1) year for any
8 taxpayer.

9 2. Except as provided in subsection D of this section, for tax
10 years beginning after December 31, 2024, and ending before January
11 1, 2026, an eligible employee shall be allowed a credit against the
12 tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
13 Statutes of up to Five Thousand Dollars (\$5,000.00) per year for
14 actual travel expenses incurred in commuting to the location of a
15 qualified manufacturing employer of up to one hundred twenty (120)
16 miles per day calculated at the rates provided for in the State
17 Travel Reimbursement Act.

18 3. As used in this section:

19 a. "Eligible wages" means gross compensation and benefits
20 paid by the taxpayer during the taxable year,
21 including any employer-paid health care benefits, to
22 full-time or part-time employees of the qualified
23 business enterprise, if such employees are full-time
24 residents of this state as of the time the services
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1 for which such qualified wages are received are
2 performed;

3 b. "Qualified manufacturing employer" means a business
4 whose manufacturing activities are defined or
5 classified in the North American Industry
6 Classification System (NAICS) Manual under Industry
7 Sector Nos. 31, 32, and 33, Industry Group No. 5111 or
8 Industry No. 11331; and

9 c. "Qualified manufacturing plant" means those
10 establishments primarily engaged in manufacturing or
11 processing operations whose manufacturing activities
12 are defined or classified in the North American
13 Industry Classification System (NAICS) Manual under
14 Industry Sector Nos. 31, 32 and 33, Industry Group No.
15 5111 or Industry No. 11331.

16 B. In no event shall the amount of the credit(s) exceed the
17 amount of any tax liability of the taxpayer.

18 C. The Oklahoma Tax Commission shall have the authority to
19 promulgate rules necessary to effectuate the purposes of this
20 section.

21 D. Beginning June 1, 2024, the credit authorized by this
22 section may be claimed for any eligible wages paid or travel claimed
23 on or after June 1, 2024, according to the provisions of this
24 section.
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SECTION 2. This act shall become effective November 1, 2024.

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