

ENGROSSED HOUSE  
BILL NO. 1976

By: Claunch and Ferguson of  
the House

and

Wright of the Senate

( revenue and taxation - income tax credit for investment -  
computer services - codification - effective date -  
emergency )

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 2357.13 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. Beginning after June 30, 1995, there shall be allowed a  
credit against the tax imposed by Section 2355 of this title for  
investment in computer programming services, custom computer  
programs or computer integrated system designs purchased from any  
corporation, company, association, partnership, limited liability  
company, organization or person domiciled in this state or organized  
under the laws of this state.

B. As used in this section:

1. "Computer programming services" means computer programming  
services performed on a contract or fee basis, including computer  
software design and analysis, modifications of custom software, and  
training in the use of custom software;

2. "Computer integrated system design" means the development or modifying of computer software and correlating or integrating the software with purchased computer hardware to create an integrated system for specific application;

3. "Computer program" means the complete plan for the solution of a problem, such as the complete sequence of automatic data-processing equipment instructions necessary to solve a problem and includes both systems and application programs and subdivisions, such as assemblers, compilers, routines, generators and utility programs; and

4. "Custom computer program" means a computer program prepared to the special order of the customer and includes those services represented by separately stated charges for modifications to an existing prewritten program which are prepared to the special order of the customer. The term does not include a "canned" or prewritten computer program which is held or existing for general or repeated sale or lease, even if the prewritten or "canned" program was initially developed on a custom basis or for in-house use. Modification to an existing prewritten program to meet the needs of the customer is custom computer programming only to the extent of the modification.

C. The credit allowed by this section shall be twelve percent (12%) of the investment if the investment is equal to or more than One Thousand Dollars (\$1,000.00). No credit shall be allowed for an investment less than One Thousand Dollars (\$1,000.00).

D. In no event shall this credit exceed Five Hundred Thousand Dollars (\$500,000.00). This credit shall be further limited based upon any income tax credits claimed under the Oklahoma Quality Jobs Program Act, the Saving Quality Jobs Act, or any manufacturing credits permitted by law. The credit permitted under this section shall not be allowed if the total amount of the referenced credits, excluding the credit permitted pursuant to this section, exceeds

Five Hundred Thousand Dollars (\$500,000.00). If the referenced credits, excluding the credit permitted pursuant to this section, do not exceed Five Hundred Thousand Dollars (\$500,000.00), then the credit permitted pursuant to this section shall be reduced as necessary so that the total amount of credits claimed shall not exceed Five Hundred Thousand Dollars (\$500,000.00).

E. The credit allowed by this section may only be claimed for the taxable year in which the investment is made by the taxpayer. In no event shall the credit allowed by this section exceed the amount of tax liability of the taxpayer for any given year. Any credits allowed but not used in any taxable year may be carried over to each of the subsequent five (5) years.

SECTION 2. This act shall become effective July 1, 1995.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 8th day of March, 1995.

Speaker of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 1995.

President of the Senate