

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 1639

6 By: Leewright

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax; defining terms;  
9 creating tax credit for employment of a qualified  
10 apprentice during certain time period; setting amount  
11 of credit; requiring employer to ensure and  
12 demonstrate certain compliance with applicable state  
13 law; limiting certain use of credit; prohibiting use  
14 of credit to reduce tax liability to specified  
15 extent; imposing limitation on total credits used to  
16 offset tax liability; providing for annual  
17 adjustment; prescribing formula; providing for  
18 treatment of credits in excess of annual limit;  
19 establishing basis for credit pursuant to specified  
20 requirement; authorizing the Governor's Council on  
21 Workforce and Economic Development to adopt rules to  
22 implement and administer credit in cooperation with  
23 certain agencies; requiring Council to produce annual  
24 report and specifying contents and distribution;  
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 2357.406 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1        1. "Apprentice" means a worker at least sixteen (16) years of  
2 age, except where a higher minimum age standard is otherwise fixed  
3 by law, who is employed to learn an apprenticeable occupation as  
4 provided in 29 C.F.R. Section 29.4, as amended. The term includes a  
5 person who is compensated by a third party but whose apprenticeship  
6 occurs under the supervision of an eligible employer;

7        2. "Apprenticeship agreement" means a written agreement,  
8 complying with 29 C.F.R. Section 29.7, as amended, between an  
9 apprentice and either the apprentice's program sponsor, or an  
10 apprenticeship committee acting as agent for the program sponsors,  
11 which contains the terms and conditions of the employment and  
12 training of the apprentice;

13        3. "Council" means the Governor's Council for Workforce and  
14 Economic Development; and

15        4. "Eligible employer" means a taxpayer who employs an  
16 apprentice pursuant to an apprenticeship agreement registered with  
17 the Office of Apprenticeship of the Employment and Training  
18 Administration of the United States Department of Labor.

19        B. For taxable years beginning on or after January 1, 2021, and  
20 ending not later than December 31, 2025, there shall be allowed as a  
21 credit against the tax imposed pursuant to Section 2355 of Title 68  
22 of the Oklahoma Statutes in the amount of One Thousand Dollars  
23 (\$1,000.00) for each qualified apprentice employed by an eligible  
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1 employer for a period of at least seven (7) months during the  
2 preceding calendar year.

3 C. In order to qualify for this credit, any eligible employer  
4 who enters into an apprenticeship agreement shall ensure compliance  
5 with any applicable Oklahoma state law regarding that industry or  
6 trade including demonstrating compliance for each qualified  
7 apprentice.

8 D. No employer shall be able to claim the credit authorized by  
9 this section for more than ten apprentices for the duration of the  
10 five (5) taxable years for which the credit is available.

11 E. The credit authorized by the provisions of this section  
12 shall not be used to reduce the tax liability of the taxpayer to  
13 less than zero (0).

14 F. The credit authorized by the provisions of this section may  
15 not be carried over from one taxable year to any other taxable year.

16 G. The provisions of this section shall cease to have the force  
17 and effect of law on January 1, 2026.

18 H. The total amount of credits authorized by this section used  
19 to offset tax shall be adjusted annually to limit the annual amount  
20 of credits to Three Million Dollars (\$3,000,000.00). The Tax  
21 Commission shall annually calculate and publish a percentage by  
22 which the credits authorized by this section shall be reduced so the  
23 total amount of credits used to offset tax does not exceed Three  
24 Million Dollars (\$3,000,000.00) per year. The formula to be used

1 for the percentage adjustment shall be Three Million Dollars  
2 (\$3,000,000.00) divided by the credits used to offset tax in the  
3 second preceding year.

4 I. Pursuant to subsection H of this section, in the event the  
5 total tax credits authorized by this section exceed Three Million  
6 Dollars (\$3,000,000.00) in any calendar year, the Tax Commission  
7 shall permit any excess over Three Million Dollars (\$3,000,000.00)  
8 but shall factor such excess into the percentage adjustment formula  
9 for subsequent years.

10 J. The tax credit authorized by the provisions of this section  
11 fulfills the measurable goal requirements of Section 46A of Title 62  
12 of the Oklahoma Statutes. The measurable goal provided by this act  
13 includes employment of persons who may not otherwise be employed or  
14 who, although employed, would not have the same skill level for the  
15 job position without the tax credit authorized pursuant to the  
16 provisions of this section.

17 K. The Governor's Council on Workforce and Economic  
18 Development, in coordination with the Oklahoma Department of  
19 Commerce, may adopt any rules necessary to establish standards for  
20 participation and eligibility and to implement and administer the  
21 tax credit program authorized by this act. The Council shall  
22 consult with the Oklahoma Tax Commission to coordinate  
23 implementation and administration of this act.

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1 L. The Governor's Council on Workforce and Economic Development  
2 shall provide an annual report to the Chair of the Appropriations  
3 and Budget Committee of the Oklahoma House of Representatives and  
4 the Chair of the Finance Committee of the Oklahoma State Senate to  
5 account for the effectiveness of the apprenticeship program under  
6 this act not later than January 31 each year with respect to program  
7 activities and program performance with respect to the preceding  
8 calendar year.

9 SECTION 2. This act shall become effective November 1, 2020.

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