

1 **SENATE FLOOR VERSION**

2 February 26, 2020

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1639

By: Leewright and Matthews of
the Senate

6 and

7 Dollens of the House

8
9 [income tax - tax credit for employment of a
10 qualified apprentice - amount of credit - limitation
11 - codification - effective date]

12
13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2357.406 of Title 68, unless
16 there is created a duplication in numbering, reads as follows:

17 A. As used in this section:

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

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

7 3. "Council" means the Governor's Council for Workforce and
8 Economic Development; and

9 4. "Eligible employer" means a taxpayer who employs an
10 apprentice pursuant to an apprenticeship agreement registered with
11 the Office of Apprenticeship of the Employment and Training
12 Administration of the United States Department of Labor.

13 B. For taxable years beginning on or after January 1, 2021, and
14 ending not later than December 31, 2025, there shall be allowed as a
15 credit against the tax imposed pursuant to Section 2355 of Title 68
16 of the Oklahoma Statutes in the amount of One Thousand Dollars
17 (\$1,000.00) for each qualified apprentice employed by an eligible
18 employer for a period of at least seven (7) months during the
19 preceding calendar year.

20 C. In order to qualify for this credit, any eligible employer
21 who enters into an apprenticeship agreement shall ensure compliance
22 with any applicable Oklahoma state law regarding that industry or
23 trade including demonstrating compliance for each qualified
24 apprentice.

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

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

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

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

11 H. The total amount of credits authorized by this section used
12 to offset tax shall be adjusted annually to limit the annual amount
13 of credits to Three Million Dollars (\$3,000,000.00). The Tax
14 Commission shall annually calculate and publish a percentage by
15 which the credits authorized by this section shall be reduced so the
16 total amount of credits used to offset tax does not exceed Three
17 Million Dollars (\$3,000,000.00) per year. The formula to be used
18 for the percentage adjustment shall be Three Million Dollars
19 (\$3,000,000.00) divided by the credits used to offset tax in the
20 second preceding year.

21 I. Pursuant to subsection H of this section, in the event the
22 total tax credits authorized by this section exceed Three Million
23 Dollars (\$3,000,000.00) in any calendar year, the Tax Commission
24 shall permit any excess over Three Million Dollars (\$3,000,000.00)

1 but shall factor such excess into the percentage adjustment formula
2 for subsequent years.

3 J. The tax credit authorized by the provisions of this section
4 fulfills the measurable goal requirements of Section 46A of Title 62
5 of the Oklahoma Statutes. The measurable goal provided by this act
6 includes employment of persons who may not otherwise be employed or
7 who, although employed, would not have the same skill level for the
8 job position without the tax credit authorized pursuant to the
9 provisions of this section.

10 K. The Governor's Council on Workforce and Economic
11 Development, in coordination with the Oklahoma Department of
12 Commerce, may adopt any rules necessary to establish standards for
13 participation and eligibility and to implement and administer the
14 tax credit program authorized by this act. The Council shall
15 consult with the Oklahoma Tax Commission to coordinate
16 implementation and administration of this act.

17 L. The Governor's Council on Workforce and Economic Development
18 shall provide an annual report to the Chair of the Appropriations
19 and Budget Committee of the Oklahoma House of Representatives and
20 the Chair of the Finance Committee of the Oklahoma State Senate to
21 account for the effectiveness of the apprenticeship program under
22 this act not later than January 31 each year with respect to program
23 activities and program performance with respect to the preceding
24 calendar year.

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

2 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
3 February 26, 2020 - DO PASS AS AMENDED
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