

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1639

By: Leewright

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6 AS INTRODUCED

7 An Act relating to income tax; defining terms;  
8 creating tax credit for employment of a qualified  
9 apprentice during certain time period; setting amount  
10 of credit; limiting certain use of credit;  
11 prohibiting use of credit to reduce tax liability to  
12 specified extent; imposing limitation on total  
13 credits used to offset tax liability; providing for  
14 annual adjustment; prescribing formula; providing for  
15 treatment of credits in excess of annual limit;  
16 establishing basis for credit pursuant to specified  
17 requirement; authorizing the Governor's Council on  
18 Workforce and Economic Development to adopt rules to  
19 implement and administer credit in cooperation with  
20 certain agencies; requiring Council to produce annual  
21 report and specifying contents and distribution;  
22 providing for codification; and providing an  
23 effective date.

24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

28 A. As used in this section:

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

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

11 3. "Council" means the Governor's Council for Workforce and  
12 Economic Development; and

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

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

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

4 D. 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 E. 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 F. The provisions of this section shall cease to have the force  
10 and effect of law on January 1, 2026.

11 G. 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 H. Pursuant to subsection G 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 I. 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 J. 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 K. 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.

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