

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL NO. 746

By: Smalley

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5
6 AS INTRODUCED

7 An Act relating to income tax credits; defining
8 terms; providing for tax credit for certain software
9 or cybersecurity employees; providing for specified
10 amount of credit for specified employees; imposing
11 maximum number of taxable years for which credit may
12 be claimed; prohibiting use of credit to reduce tax
13 liability below a certain amount; authorizing
14 carryover for certain number of years; providing for
15 codification; and providing effective date.

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

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 2357.405 of Title 68, unless
19 there is created a duplication in numbering, reads as follows:

20 A. As used in this section:

21 1. "Compensation" means payments in the form of contract labor
22 for which the payor is required to provide a Form 1099 to the person
23 paid, wages subject to withholding tax paid to a part-time employee
24 or full-time employee, or salary or other remuneration.

25 Compensation shall not include employer-provided retirement, medical
26 or healthcare benefits, reimbursement for travel, meals, lodging or

1 any other expense. Annual compensation shall only qualify if the
2 average annualized wage equals at least one hundred ten percent
3 (110%) of the average county wage, as that percentage is determined
4 by the U.S. Department of Commerce based upon the most recent
5 Department of Commerce data for the county in which the job is
6 located;

7 2. "Institution" means an institution within The Oklahoma State
8 System of Higher Education or any other public or private college or
9 university that is accredited by a national accrediting body;

10 3. "Qualified employer" means a sole proprietor, general
11 partnership, limited partnership, limited liability company,
12 corporation, other legally recognized business entity, or public
13 entity whose principal business activity requires employment of
14 qualified software or cybersecurity employees, as defined in this
15 section;

16 4. "Qualified industry" means a private or public company whose
17 activities are defined or classified in the NAICS Manual under U.S.
18 Industry No's. 21, 22, 31, 48, 51, 52, 54, 55, 62 and 90;

19 5. "Qualified program" means an accredited program that awards
20 a credential in the fields of software engineering or cybersecurity;
21 and

22 6. "Qualified software or cybersecurity employee" means any
23 person, regardless of the date of hire, employed in this state by or
24

1 contracting in this state with a qualified employer on or after the
2 effective date of this act, who:

3 a. has been awarded an undergraduate or graduate degree
4 by an institution, or

5 b. has been awarded a two-year associates degree by an
6 institution or a software or cybersecurity credential
7 from a qualified program or institution.

8 B. 1. For taxable years beginning on or after January 1, 2020,
9 and ending on December 31, 2029, a qualified software or
10 cybersecurity employee shall be allowed a credit against the tax
11 imposed pursuant to Section 2355 of Title 68 of the Oklahoma
12 Statutes, subject to the limitations prescribed in paragraph 2 of
13 this subsection.

14 2. The credit, which may be claimed for a period of time not to
15 exceed seven (7) years, shall be as follows:

16 a. Two Thousand Two Hundred Dollars (\$2,200.00) for a
17 qualified employee who has been awarded an
18 undergraduate or graduate degree from an institution,
19 or

20 b. One Thousand Eight Hundred Dollars (\$1,800.00) for a
21 qualified employee who has been awarded a two-year
22 associates degree or a credential from a qualified
23 program or institution.

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3. The credit authorized by this subsection shall not be used to reduce the tax liability of the taxpayer to less than zero (0).

4. Any credit claimed, but not used, may be carried over, in order, to each of the five (5) subsequent taxable years.

SECTION 2. This act shall become effective November 1, 2019.

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