

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

COMMITTEE SUBSTITUTE  
FOR

HOUSE BILL NO. 4038

By: Townley

COMMITTEE SUBSTITUTE

[ revenue and taxation - income tax credit -  
manufacturing - Oklahoma Tax Commission - 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 2357.501 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. 1. Except as otherwise provided in subsection C of this  
section, for tax years beginning on or after July 1, 2024, and  
ending on or before January 1, 2026, there shall be allowed against  
the tax imposed by Section 2355 of Title 68 of the Oklahoma  
Statutes, an eligible employee shall be allowed a refundable credit  
of up to Five Thousand Dollars (\$5,000.00) per tax year for actual  
travel expenses incurred in commuting to the location of a qualified  
manufacturing plant of at least one hundred ten (110) miles per day

1 calculated at the rates provided for in the State Travel  
2 Reimbursement Act. In no event shall the credit exceed Seven  
3 Million Dollars (\$7,000,000.00) in any tax year for an eligible  
4 employee. The total credit claimed shall not exceed Fourteen  
5 Million Dollars (\$14,000,000.00) in the lifetime of the program.

6 2. Except as otherwise provided in subsection C of this  
7 section, for tax years beginning July 1, 2024, and ending before  
8 January 1, 2026, there shall be allowed against the tax imposed by  
9 Section 2355 of Title 68 of the Oklahoma Statutes, a refundable tax  
10 credit for eligible wages paid by a qualified manufacturing employer  
11 to an eligible employee that was laid off by a qualified  
12 manufacturing employer. The amount of the credit shall be fifty  
13 percent (50%) of the amount of the gross wages paid to the eligible  
14 employee, as reported on Internal Revenue Service Form W-2 or Form  
15 1099, for a period not to exceed three hundred and sixty-five (365)  
16 days but in no event shall the credit exceed Twelve Thousand Five  
17 Hundred Dollars (\$12,500.00) for each employee. In no event shall  
18 the credit exceed Two Million Five Hundred Thousand Dollars  
19 (\$2,500,000.00) in any tax year for a qualified manufacturing  
20 employer. The total credit claimed shall not exceed Thirty-Five  
21 Million Dollars (\$35,000,000.00) in the lifetime of the program.

22 3. As used in this section:

23 a. "Eligible employee" means any full-time or part-time  
24 employee who is a resident of the State of Oklahoma

1 and who was laid off on or between January 1, 2024, to  
2 December 31, 2025, by a manufacturing employer located  
3 in a county with a population of less than one hundred  
4 thousand (100,000) in the North American Industry  
5 Classification System (NAICS) Manual under Industry  
6 Sector No. 3262 and who subsequently goes to work for  
7 a qualified manufacturing employer at a qualified  
8 manufacturing plant in this state,

9 b. "Qualified manufacturing employer" means a business  
10 whose manufacturing activities are defined and/or  
11 classified in the North American Industry  
12 Classification System (NAICS) Manual under Industry  
13 Sector No. 32 or 33 at the time of passage of this  
14 act, and

15 c. "Qualified manufacturing plant" means those  
16 establishments whose manufacturing activities are  
17 defined and/or classified in the North American  
18 Industry Classification System (NAICS) Manual under  
19 Industry Sector No. 32 or 33 at the time of passage of  
20 this act.

21 B. The Oklahoma Tax Commission and the Oklahoma Department of  
22 Commerce shall have the authority to promulgate rules necessary to  
23 effectuate the purposes of this section.  
24

1 C. Beginning June 1, 2024, the credit authorized by this  
2 section may be claimed for any eligible wages paid or travel claimed  
3 on or after June 1, 2024, according to the provisions of this  
4 section.

5 D. The provisions of this section shall cease to have the force  
6 and effect of law on November 1, 2027.

7 SECTION 2. This act shall become effective November 1, 2024.

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