

1 **SENATE FLOOR VERSION**

2 March 1, 2023

3 SENATE BILL NO. 578

By: Montgomery

4
5
6 [income tax - tax credit - eligibility - software
7 employees - codification - effective date]
8

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

10 SECTION 1. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 2357.310 of Title 68, unless
12 there is created a duplication in numbering, reads as follows:

13 As used in this act:

14 1. "Compensation" means payments in the form of contract labor
15 for which the payor is required to provide a Form 1099 to the person
16 paid, wages subject to withholding tax paid to a part-time employee
17 or full-time employee or salary or other remuneration. Compensation
18 shall not include employer-provided retirement, medical or health
19 care benefits, reimbursement for travel, meals, lodging, or any
20 other expenses;

21 2. "Institution" means an institution within The Oklahoma State
22 System of Higher Education or any other public or private college or
23 university that is accredited by a national accrediting body;
24

1 3. "Qualified employer" means a sole proprietor, general
2 partnership, limited partnership, limited liability company,
3 corporation, other legally recognized business entity, or public
4 entity;

5 4. "Qualified software employee" means any person employed in
6 this state by a qualified employer hired on or after January 1,
7 2024, who:

- 8 a. has been awarded a degree in a qualified program from
9 an institution or a technology center, and
- 10 b. is employed as a software engineer by a qualified
11 employer;

12 5. "Qualified program" means:

- 13 a. an undergraduate or graduate degree program in
14 information technology, computer science, or computer
15 engineering, accredited by the Computing Accreditation
16 Commission (CAC) or the Engineering Accreditation
17 Commission (EAC) of the Accreditation Board for
18 Engineering and Technology (ABET) offered at an
19 institution, or
- 20 b. a software, programming, software programming, coding,
21 application development, computer science, or
22 information technology program requiring more than
23 eight hundred (800) hours of class time; and

24

1 6. "Technology center" means an institution in the Oklahoma
2 State Board of Career and Technology Education that offers qualified
3 programs as defined in this section.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 2357.311 of Title 68, unless
6 there is created a duplication in numbering, reads as follows:

7 A. For tax year 2024 and subsequent tax years, a qualified
8 employer shall be allowed a credit against the tax imposed pursuant
9 to Section 2355 of Title 68 of the Oklahoma Statutes for
10 compensation paid to a qualified software employee hired on or after
11 January 1, 2024.

12 B. The credit authorized by subsection A of this section shall
13 be in the amount of:

14 1. Ten percent (10%) of the compensation paid for the first
15 through fifth years of employment if the qualified software employee
16 graduated from an institution located in this state; or

17 2. Five percent (5%) of the compensation paid for the first
18 through fifth years of employment if the qualified software employee
19 graduated from an institution located outside this state.

20 C. The credit authorized by this section shall not exceed
21 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
22 software employee annually.

1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the qualified employer to less than zero
3 (0).

4 E. No credit authorized pursuant to this section shall be
5 claimed after the fifth year of employment.

6 F. A qualified employer shall be permitted to claim either the
7 credit authorized pursuant to this section for the compensation paid
8 to a qualified software employee or to claim other credits
9 authorized by law for the compensation paid to or education expenses
10 paid to or on behalf of the qualified software employee, but shall
11 not be able to claim more than one credit for the same tax year with
12 respect to compensation paid to or education expenses paid to or on
13 behalf of the same employee. A qualified employer claiming the
14 credit authorized by this section shall not be eligible for payment
15 of incentives for qualified software employees pursuant to:

- 16 1. The Oklahoma Quality Jobs Program Act;
- 17 2. The 21st Century Quality Jobs Incentive Act; or
- 18 3. The Oklahoma Remote Quality Jobs Incentive Act.

19 SECTION 3. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 2357.312 of Title 68, unless
21 there is created a duplication in numbering, reads as follows:

22 A. For tax year 2024 and subsequent tax years, a qualified
23 software employee shall be allowed a credit against the tax imposed
24 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes of up

1 to Five Thousand Dollars (\$5,000.00) per year for a period of time
2 not to exceed five (5) years.

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

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

7 D. A qualified software employee shall be permitted to claim
8 the credit authorized pursuant to this section, but if the qualified
9 software employee claims the credit authorized by this section, the
10 employee shall not be eligible to claim the credit authorized
11 pursuant to Section 2357.304 of Title 68 of the Oklahoma Statutes or
12 the credit authorized pursuant to Section 2357.405 of Title 68 of
13 the Oklahoma Statutes. No qualified software employee shall be
14 permitted to claim multiple credits for employment as a qualified
15 software engineer.

16 SECTION 4. This act shall become effective November 1, 2023.

17 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
18 March 1, 2023 - DO PASS
19
20
21
22
23
24