

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 578

By: Montgomery

AS INTRODUCED

An Act relating to income tax; defining terms; creating tax credit for certain qualified employers; authorizing amount of credit; limiting total amount of credit; limiting application of credit; limiting eligibility for credit; preventing claiming of credit and certain other credits; creating tax credit for certain qualified software employees; limiting application of credit; preventing claiming of credit and certain other credits and incentives; providing for codification; and providing an 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 2357.310 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Compensation" means payments in the form of contract labor for which the payor is required to provide a Form 1099 to the person paid, wages subject to withholding tax paid to a part-time employee or full-time employee or salary or other remuneration. Compensation shall not include employer-provided retirement, medical or health

1 care benefits, reimbursement for travel, meals, lodging, or any
2 other expenses;

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

6 3. "Qualified employer" means a sole proprietor, general
7 partnership, limited partnership, limited liability company,
8 corporation, other legally recognized business entity, or public
9 entity;

10 4. "Qualified software employee" means any person employed in
11 this state by a qualified employer hired on or after January 1,
12 2024, who:

- 13 a. has been awarded a degree in a qualified program from
14 an institution or a technology center, and
- 15 b. is employed as a software engineer by a qualified
16 employer;

17 5. "Qualified program" means:

- 18 a. an undergraduate or graduate degree program in
19 information technology, computer science, or computer
20 engineering, accredited by the Computing Accreditation
21 Commission (CAC) or the Engineering Accreditation
22 Commission (EAC) of the Accreditation Board for
23 Engineering and Technology (ABET) offered at an
24 institution, or

1 b. a software, programming, software programming, coding,
2 application development, computer science, or
3 information technology program requiring more than
4 eight hundred (800) hours of class time; and

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

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

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

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

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

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

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

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

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

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

- 19 1. The Oklahoma Quality Jobs Program Act;
- 20 2. The 21st Century Quality Jobs Incentive Act; or
- 21 3. The Oklahoma Remote Quality Jobs Incentive Act.

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

1 A. For tax year 2024 and subsequent tax years, a qualified
2 software employee shall be allowed a credit against the tax imposed
3 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes of up
4 to Five Thousand Dollars (\$5,000.00) per year for a period of time
5 not to exceed five (5) years.

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

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

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

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