

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 3670

By: Miller

AS INTRODUCED

An Act relating to revenue and taxation; defining terms; authorizing income tax credits for employers engaged in civil engineering; providing income tax credit for tuition reimbursements; providing conditions for use of credit; specifying amount of tax credit; prohibiting use of tax credit to reduce liability to less than zero; authorizing income tax credit for certain compensation paid to employees engaged in civil engineering; specifying amount of credit; imposing limit on credit amount; prohibiting use of tax credit to reduce income tax liability to less than zero; authoring income tax credit for certain income received as civil engineer; 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 2357.321 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in Sections 1 through 4 of 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,

1 full-time employee, salary, or other remuneration. Compensation  
2 shall not include employer-provided retirement, medical or health-  
3 care benefits, reimbursement for travel, meals, lodging, or any  
4 other expense;

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

8 3. "Qualified employer" means a sole proprietor, general  
9 partnership, limited partnership, limited liability company,  
10 corporation, other legally recognized business entity, or public  
11 entity whose principal business activity involves civil engineering  
12 services as described by Industry No. 541330 of the North American  
13 Industry Classification System (NAICS), latest revision;

14 4. "Qualified employee" means any person, regardless of the  
15 date of hire, employed in this state, contracting in this state with  
16 a qualified employer on or after January 1, 2025, who was not  
17 employed as a civil engineer in this state immediately preceding  
18 employment or contracting with a qualified employer, and who has  
19 been either:

20 a. awarded an undergraduate or graduate degree from a  
21 qualified program by an institution, or

22 b. licensed as a Professional Engineer by the State Board  
23 of Licensure for Professional Engineers and Land  
24

1 Surveyors pursuant to Section 475.15 of Title 59 of  
2 the Oklahoma Statutes.

3 Provided, the definition shall not be interpreted to exclude any  
4 person who was employed in the civil engineering sector, but not as  
5 a full-time engineer, prior to being awarded an undergraduate or  
6 graduate degree from a qualified program by an institution or any  
7 person who has been awarded an undergraduate or graduate degree from  
8 a qualified program by an institution and is employed by a  
9 professional staffing company and assigned to work in the civil  
10 engineering sector in this state.

11 Beginning on or after January 1, 2025, the definition shall also  
12 not be interpreted to exclude any person who:

- 13 (1) previously qualified and established the credit  
14 against the tax imposed pursuant to Section 2355  
15 of this title and becomes employed by a different  
16 qualified employer, or
- 17 (2) establishes the credit against the tax imposed  
18 pursuant to Section 2355 of Title 68 of the  
19 Oklahoma Statutes for the first time and becomes  
20 employed by a different qualified employer in  
21 subsequent years, provided a person in either  
22 case has not claimed the credit for the lifetime  
23 maximum of five (5) years;

1           6. "Qualified program" means a program at an institution that  
2 includes a graduate or undergraduate program that has been  
3 accredited by the Engineering Accreditation Commission of the  
4 Accreditation Board for Engineering and Technology (ABET) and that  
5 awards an undergraduate or graduate degree. Both the undergraduate  
6 and graduate programs of the same discipline of engineering at an  
7 institution shall be part of the qualified program if either program  
8 is ABET accredited; and

9           7. "Tuition" means the average annual amount paid by a  
10 qualified employee for enrollment and instruction in a qualified  
11 program. Tuition shall not include the cost of books, fees or room  
12 and board.

13           SECTION 2.       NEW LAW       A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2357.322 of Title 68, unless  
15 there is created a duplication in numbering, reads as follows:

16           A. For taxable years beginning after December 31, 2024, and  
17 ending before January 1, 2030, a qualified employer shall be allowed  
18 a credit against the tax imposed pursuant to Section 2355 of Title  
19 68 of the Oklahoma Statutes for tuition reimbursed to a qualified  
20 employee.

21           B. The credit authorized by subsection A of this section may be  
22 claimed only if the qualified employee has been awarded an  
23 undergraduate or graduate degree within one (1) year of commencing  
24 employment with the qualified employer.

1 C. The credit authorized by subsection A of this section shall  
2 be in the amount of fifty percent (50%) of the tuition reimbursed to  
3 a qualified employee for the first through fourth years of  
4 employment. In no event shall this credit exceed fifty percent  
5 (50%) of the average annual amount paid by a qualified employee for  
6 enrollment and instruction in a qualified program at a public  
7 institution in Oklahoma.

8 D. The credit authorized by subsection A of this section shall  
9 not be used to reduce the tax liability of the qualified employer to  
10 less than zero (0).

11 E. No credit authorized by this section shall be claimed after  
12 the fourth year of employment.

13 SECTION 3. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2357.323 of Title 68, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. For taxable years beginning on or after January 1, 2025, and  
17 ending before January 1, 2030, a qualified employer shall be allowed  
18 a credit against the tax imposed pursuant to Section 2355 of Title  
19 68 of the Oklahoma Statutes for compensation paid to a qualified  
20 employee.

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

23 1. Ten percent (10%) of the compensation paid for the first  
24 through fifth years of employment in civil engineering if the  
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1 qualified employee graduated from an institution located in this  
2 state; or

3 2. Five percent (5%) of the compensation paid for the first  
4 through fifth years of employment in civil engineering if the  
5 qualified employee graduated from an institution located outside  
6 this state.

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

10 D. The credit authorized by this section shall not be used to  
11 reduce the tax liability of the qualified employer to less than zero  
12 (0).

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

15 SECTION 4. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 2357.324 of Title 68, unless  
17 there is created a duplication in numbering, reads as follows:

18 A. For taxable years beginning on or after January 1, 2025, and  
19 ending before January 1, 2030, a qualified employee shall be allowed  
20 a credit against the tax imposed pursuant to Section 2355 of Title  
21 68 of the Oklahoma Statutes up to Five Thousand Dollars (\$5,000.00)  
22 per year for a period of time not to exceed five (5) years.

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

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

SECTION 5. This act shall become effective November 1, 2024.

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