

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

|                        |                        |
|------------------------|------------------------|
| <b>Bill No.:</b>       | <b>SB 1204</b>         |
| <b>Version:</b>        | <b>ENGR</b>            |
| <b>Request Number:</b> | <b>NA</b>              |
| <b>Author:</b>         | <b>Rep. Fetgatter</b>  |
| <b>Date:</b>           | <b>5/10/2020</b>       |
| <b>Impact:</b>         | <b>Tax Commission:</b> |

**Revenue Decrease:**  
**FY-21: \$574,000**

**Research Analysis**

Engrossed SB1204 relates to a tax credit for eligible software or cybersecurity employees working in the state on or after November 1, 2019. Currently, to receive the tax credit, the employee must have graduated from an accredited program. The measure broadens the definition of *accredited program* to allow computer engineering graduates to be eligible for the tax credit.

Prepared By: Quyen Do

**Fiscal Analysis**

From the Tax Commission:

This measure modifies the definition of an “accredited program”; computer science and engineering degrees and software engineering degrees will no longer qualify as an accredited program for the purposes of this credit. This measure adds two new degrees to the definition of accredited program: a computer science degree program and a computer engineering degree program. These added degree programs would still need to have been accredited by the Computing Accreditation Commission (CAC) or the Engineering Accreditation Commission (EAC) of the Accreditation Board for Engineering and Technology (ABET) and be offered at a degree-producing institution.

This measure also allows an employer to participate in one of the Quality Jobs programs and not be required to include a qualified software or cybersecurity employee in the baseline employment for the purposes of the Quality Jobs program.<sup>2</sup>

Data from Oklahoma colleges and universities indicates 261 degrees were conferred that would be eligible for the \$2,200 credit. These additional degrees suggest a potential revenue decrease of \$574,000<sup>3</sup> in tax year 2020. Changes to withholding or estimated tax payments as a result of this credit are not expected; therefore a projected decrease in income tax collections of \$574,000 should occur in FY21. If the credits claimed in tax year 2020 exceed \$5 million, the credits authorized in tax year 2022 will be reduced as a result of the cap.

<sup>1</sup> The Tax Commission is required to calculate and publish the percentage by which the authorized credits will be reduced so the total credits used to offset tax do not exceed \$5 million per year. The formula to be used for the percentage adjustment is \$5 million divided by the credits claimed in the second preceding year.

<sup>2</sup> The changes to the Quality Jobs Incentive programs should have no impact on income tax collections due to revenue neutral features of the Quality Jobs programs. The Department of Commerce should calculate the effects of this tax credit when computing the net benefit rate for Quality Jobs purposes.

<sup>3</sup> It is unknown how many additional employees will relocate to Oklahoma and qualify for the credit.

Prepared By: Mark Tygret

### **Other Considerations**

None.

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