

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 CONFERENCE COMMITTEE
4 SUBSTITUTE
5 FOR ENGROSSED
6 HOUSE BILL NO. 3239

By: McNiell, Banz, Jackson,
Pittman, Shannon, Dorman,
Shumate and Proctor of the
House

7 and

8 Corn, Johnson (Constance)
9 and Sparks of the Senate

10
11 CONFERENCE COMMITTEE SUBSTITUTE

12 An Act relating to aerospace; defining terms;
13 providing for tax credit for certain tuition
14 reimbursements; limiting amount of credit;
15 prohibiting use of credit to reduce tax liability
16 below a certain amount; providing maximum number of
17 years to claim tax credit; providing tax credit for
18 compensation to certain employees; providing maximum
19 annual amount of credit; prohibiting use of credit to
20 reduce tax liability below a certain amount;
21 providing maximum number of taxable years for which
22 credit can be claimed; providing tax credit for
23 certain employees; providing maximum amount of
24 credit; imposing maximum number of taxable years for
which credit claimed; prohibiting use of credit to
reduce tax liability below a certain amount;
authorizing carryover for certain number of years;
amending Section 1, Chapter 263, O.S.L. 2006 (74 O.S.
Supp. 2007, Section 5060.3a), as amended by Section 1
of Enrolled House Bill No. 3098 of the 2nd Session of
the 51st Oklahoma Legislature and as renumbered by
Section 2 of Enrolled House Bill No. 3098 of the 2nd
Session of the 51st Oklahoma Legislature, which
relates to the Aerospace Development Act of 2008;
authorizing the Oklahoma Aeronautics Commission to
employ certain program processes and to contract with

1 certain qualified entities; providing for
2 codification; and providing effective dates.

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

6 SECTION 1. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 2357.301 of Title 68, unless
8 there is created a duplication in numbering, reads as follows:

9 As used in Sections 1 through 4 of this act:

10 1. "Aerospace sector" means a private or public organization
11 engaged in the manufacture of aerospace or defense hardware or
12 software, aerospace maintenance, aerospace repair and overhaul,
13 supply of parts to the aerospace industry, provision of services and
14 support relating to the aerospace industry, research and development
15 of aerospace technology and systems, and the education and training
16 of aerospace personnel;

17 2. "Compensation" means payments in the form of contract labor
18 for which the payor is required to provide a Form 1099 to the person
19 paid, wages subject to withholding tax paid to a part-time employee
20 or full-time employee, or salary or other remuneration.

21 Compensation shall not include employer-provided retirement, medical
22 or health-care benefits, reimbursement for travel, meals, lodging or
23 any other expense;

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

4 4. "Qualified employer" means a sole proprietor, general
5 partnership, limited partnership, limited liability company,
6 corporation, other legally recognized business entity, or public
7 entity whose principal business activity involves the aerospace
8 sector;

9 5. "Qualified employee" means any person employed by or
10 contracting with a qualified employer on or after January 1, 2009,
11 who has been awarded an undergraduate or graduate degree from a
12 qualified program by an institution, and who was not employed in the
13 aerospace sector in this state immediately preceding employment or
14 contracting with a qualified employer;

15 6. "Qualified program" means a program that has been accredited
16 by the Engineering Accreditation Commission of the Accreditation
17 Board for Engineering and Technology (ABET) and that awards an
18 undergraduate or graduate degree; and

19 7. "Tuition" means the average annual amount paid by a
20 qualified employee for enrollment and instruction in a qualified
21 program. Tuition shall not include the cost of books, fees or room
22 and board.

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.302 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. For taxable years beginning after December 31, 2008, a
5 qualified employer shall be allowed a credit against the tax imposed
6 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
7 tuition reimbursed to a qualified employee.

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

12 C. The credit authorized by subsection A of this section shall
13 be in the amount of fifty percent (50%) of the tuition reimbursed to
14 a qualified employee for the first through fourth years of
15 employment. In no event shall this credit exceed fifty percent
16 (50%) of the average annual amount paid by a qualified employee for
17 enrollment and instruction in a qualified program at a public
18 institution in Oklahoma.

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

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

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1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.303 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. For taxable years beginning after December 31, 2008, a
5 qualified employer shall be allowed a credit against the tax imposed
6 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
7 compensation paid to a qualified employee.

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

10 1. Ten percent (10%) of the compensation paid for the first
11 through fifth years of employment in the aerospace sector if the
12 qualified employee graduated from an institution located in this
13 state; or

14 2. Five percent (5%) of the compensation paid for the first
15 through fifth years of employment in the aerospace sector if the
16 qualified employee graduated from an institution located outside
17 this state.

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

21 D. The credit authorized by this section shall not be used to
22 reduce the tax liability of the qualified employer to less than zero
23 (0).

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

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 2357.304 of Title 68, unless
5 there is created a duplication in numbering, reads as follows:

6 A. For taxable years beginning after December 31, 2008, a
7 qualified employee shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes of up
9 to Five Thousand Dollars (\$5,000.00) per year for a period of time
10 not to exceed five (5) years.

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

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

15 SECTION 5. AMENDATORY Section 1, Chapter 263, O.S.L.
16 2006 (74 O.S. Supp. 2007, Section 5060.3a), as amended by Section 1
17 of Enrolled House Bill No. 3098 of the 2nd Session of the 51st
18 Oklahoma Legislature and as renumbered by Section 2 of Enrolled
19 House Bill No. 3098 of the 2nd Session of the 51st Oklahoma
20 Legislature, is amended to read as follows:

21 Section 1. A. This act shall be known and may be cited as the
22 "Aerospace Development Act of 2008".

23 B. There is hereby created within the Oklahoma Aeronautics
24 Commission, the Center for Aerospace Supplier Quality (CASQ), and

1 the Oklahoma Aerospace Institute (OAI) whose purpose shall be to
2 create a partnership of service providers to more effectively
3 respond to the needs of the aerospace industry in the areas of
4 education and training, research, and economic development. The
5 CASQ and OAI will focus available resources to promote cooperation
6 and collaboration among businesses, manufacturers, military
7 installations, commercial aviation, educational institutions,
8 nonprofit research institutions, and state government for the
9 purpose of strengthening the economy of the State of Oklahoma.
10 Contingent upon the availability of funds, ~~OCAST~~ the Oklahoma
11 Aeronautics Commission may employ established program processes or
12 may contract with other qualified entities to operate the CASQ and
13 the OAI.

14 C. The CASQ is designed to serve as a conduit between
15 Oklahoma's military installations and aerospace industry to promote
16 quick response to opportunities that will:

17 1. Increase Department of Defense contracts with Oklahoma
18 aerospace companies and contracts between Oklahoma aerospace
19 companies and prime contractors in the aerospace and defense
20 industries;

21 2. Create and retain more high-wage, high-skill jobs;

22 3. Strengthen collaborations between businesses and aerospace
23 interests;

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- 1 4. Reduce the flow of federal defense contract dollars to out-
- 2 of-state businesses;
- 3 5. Expand the aerospace industry in Oklahoma;
- 4 6. Provide engineering and technical assistance;
- 5 7. Provide more manufacturing sources for Oklahoma military
- 6 installations and the aerospace industry; and
- 7 8. Reduce costs and increase competitiveness for Oklahoma
- 8 military installations and the aerospace industry.

9 D. In order to streamline the use of resources with the goal of
10 eliminating duplication of efforts, the OAI shall act as a
11 clearinghouse of information and activities concerning the aerospace
12 industry. The OAI will provide a focal point to coordinate the
13 plans and activities of state agencies, task forces, departments,
14 boards, commissions, and other entities that have responsibilities
15 or duties regarding the aerospace industry with the goal of
16 eliminating duplication of effort.

17 E. The OAI shall create a partnership of education and training
18 providers to meet the specific needs of the aerospace industry to
19 build a credentialed work force for the future. Participating
20 educational institutions shall act cooperatively to create
21 complementary activities.

22 F. The OAI shall include a center for applied research and will
23 primarily undertake applied research, development and technology
24 transfer that have long-term potential for commercial development.

1 The center shall build upon institutional strengths and conduct
2 activity in areas of research in which the participating research
3 institutions and businesses have achieved or have true promise of
4 attaining a standard of excellence in applied research and
5 development.

6 G. The OAI shall support and foster the growth of the aerospace
7 industry. The OAI shall acquire aerospace executive expertise and
8 provide consulting services to the aerospace industry, government
9 agencies and organizations across the State of Oklahoma in order to
10 strengthen the policy framework, economic development initiatives
11 and activities of the state.

12 H. The OAI may accept funding that includes, but is not limited
13 to:

- 14 1. Monetary contributions;
- 15 2. Contractual arrangements;
- 16 3. In-kind services;
- 17 4. Federal- and state-appropriated dollars;
- 18 5. Private and public foundation grants; and
- 19 6. Fee-for-service products.

20 SECTION 6. Sections 1 through 4 of this act shall become
21 effective January 1, 2009.

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1 SECTION 7. Section 5 of this act shall become effective
2 November 1, 2008.

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