

1 STATE OF OKLAHOMA

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

3 SUBCOMMITTEE RECOMMENDATION  
4 FOR

5 HOUSE BILL NO. 3239

6 By: McNiell

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to aerospace; defining terms;  
9 providing for authority for the Oklahoma Aeronautics  
10 Commission to focus available resources and funds for  
11 retaining graduates; providing for tax credit not to  
12 exceed certain qualified tuition reimbursements;  
13 allowing the qualified employer to offer any amount  
14 of tuition reimbursement; providing maximum number of  
15 years to claim tax credit; providing for tax credits;  
16 authorizing income tax credit; providing income tax  
17 credit based upon certain compensation incurred with  
18 respect to certain graduates of institutions of  
19 higher learning; specifying amount of credit based  
20 upon year of employment; prohibiting use of credit in  
21 excess of certain liability amount; authorizing  
22 carryover; imposing maximum number of taxable years  
23 for which credit claimed; providing for codification;  
24 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 2357.301 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in Sections 1 through 4 of this act:

1           1. "Aerospace sector" means a private or public organization  
2 engaged in the manufacture of aerospace or defense hardware or  
3 software, aerospace maintenance, aerospace repair and overhaul,  
4 supply of parts to the aerospace industry, provision of services and  
5 support relating to the aerospace industry, research and development  
6 of aerospace technology and systems, and the education and training  
7 of aerospace personnel;

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

12 Compensation shall not include employer-provided retirement, medical  
13 or health-care benefits, reimbursement for travel, meals, lodging or  
14 any other expense;

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

18           4. "Qualified employer" means a sole proprietor, general  
19 partnership, limited partnership, limited liability company,  
20 corporation, other legally recognized business entity, or public  
21 entity whose principal business activity involves the aerospace  
22 sector;

23           5. "Qualified employee" means any person employed by or  
24 contracting with a qualified employer after January 1, 2009, who has

1 | been awarded an undergraduate or graduate degree from a qualified  
2 | program by an institution;

3 |       6. "Qualified program" means a program that has been accredited  
4 | by the Engineering Accreditation Commission of the Accreditation  
5 | Board for Engineering and Technology (ABET) and that awards an  
6 | undergraduate or graduate degree; and

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

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

14 |       A. For taxable years beginning after December 31, 2008, a  
15 | qualified employer shall be allowed a credit against the tax imposed  
16 | pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for  
17 | tuition reimbursed to a qualified employee.

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

22 |       C. The credit authorized by subsection A of this section shall  
23 | be in the amount of fifty percent (50%) of the tuition reimbursed to  
24 |

1 a qualified employee for the first through fourth years of  
2 employment.

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

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

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

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

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

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

20 2. Ten percent (10%) of the compensation paid for the first  
21 through fifth years of employment if the qualified employee  
22 graduated from an institution located outside the state.

23

24

1 C. 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 D. No credit authorized pursuant to this section shall be  
5 claimed after the fifth year of employment.

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

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

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

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

18 SECTION 5. This act shall become effective January 1, 2009.

19

20 51-2-10169 MMP 02/19/08

21

22

23

24