

1 ENGROSSED HOUSE
2 BILL NO. 3239

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

4 and

5 Corn of the Senate

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9 (Aerospace - tax credits - codification -

10 effective date)

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

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

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

19 1. "Aerospace sector" means a private or public organization
20 engaged in the manufacture of aerospace or defense hardware or
21 software, aerospace maintenance, aerospace repair and overhaul,
22 supply of parts to the aerospace industry, provision of services and
23 support relating to the aerospace industry, research and development

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1 of aerospace technology and systems, and the education and training
2 of aerospace personnel;

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

7 Compensation shall not include employer-provided retirement, medical
8 or health-care benefits, reimbursement for travel, meals, lodging or
9 any other expense;

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

13 4. "Qualified employer" means a sole proprietor, general
14 partnership, limited partnership, limited liability company,
15 corporation, other legally recognized business entity, or public
16 entity whose principal business activity involves the aerospace
17 sector;

18 5. "Qualified employee" means any person employed by or
19 contracting with a qualified employer on or after January 1, 2009,
20 who has been awarded an undergraduate or graduate degree from a
21 qualified program by an institution;

22 6. "Qualified program" means a program that has been accredited
23 by the Engineering Accreditation Commission of the Accreditation
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1 Board for Engineering and Technology (ABET) and that awards an
2 undergraduate or graduate degree; and

3 7. "Tuition" means the average annual amount paid by a
4 qualified employee for enrollment and instruction in a qualified
5 program. Tuition shall not include the cost of books, fees or room
6 and board.

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

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

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

18 C. The credit authorized by subsection A of this section shall
19 be in the amount of fifty percent (50%) of the tuition reimbursed to
20 a qualified employee for the first through fourth years of
21 employment. In no event shall this credit exceed fifty percent
22 (50%) of the average annual amount paid by a qualified employee for
23 enrollment and instruction in a qualified program at a public
24 institution in Oklahoma.

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

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

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 2357.303 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 employer shall be allowed a credit against the tax imposed
11 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for
12 compensation paid to a qualified employee.

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

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

18 2. Five percent (5%) of the compensation paid for the first
19 through fifth years of employment if the qualified employee
20 graduated from an institution located outside the state.

21 C. The credit authorized by this section shall not exceed
22 Twelve Thousand Five Hundred Dollars (\$12,500.00).

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1 D. 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 E. 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.

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.
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1 Passed the House of Representatives the 5th day of March, 2008.

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4 Presiding Officer of the House of
Representatives

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6 Passed the Senate the ____ day of _____, 2008.

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9 Presiding Officer of the Senate