

THE HOUSE OF REPRESENTATIVES
Thursday, March 8, 2007

Committee Substitute for
House Bill No. 2085

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2085 - By: JACKSON of the House and MAZZEI of the Senate.

(aerospace – Oklahoma Aeronautics Commission – tuition reimbursement – interns – college credit for internship – codification – effective dates)

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

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 94 of Title 3, unless there is created a duplication in numbering,
3 reads as follows:

4 A. The Oklahoma Aeronautics Commission (the Commission) shall focus available
5 resources and funds to promote and support increased emphasis on growing, retaining
6 and attracting an engineering workforce to support the aerospace sector in the state.

7 B. “Aerospace sector” means a private or public organization engaged in the
8 manufacture of aerospace or defense hardware or software, aerospace maintenance,
9 aerospace repair and overhaul, supply of parts to the aerospace industry, provision of
10 services and support relating to the aerospace industry, research and development of
11 aerospace technology and systems, and the education and training of aerospace
12 personnel.

1 C. “Qualified program” means a program that produces graduates:

2 1. From an Accrediting Board for Engineering and Technology (ABET) accredited
3 baccalaureate degree program;

4 2. With a Master of Science or Doctorate Degree in physics, chemistry,
5 mathematics, statistics, computer science or engineering; or

6 3. With a Bachelor of Science Degree in physics, chemistry, mathematics, statistics,
7 computer science and others as may be deemed appropriate by the Commission.

8 D. 1. Subject to the availability of funds for this purpose, the Commission shall
9 implement and offer a scientific and engineering employment incentive program to retain
10 and attract an engineering workforce. The scientific and engineering employment
11 incentive program shall be for graduates of qualified programs in science and
12 engineering at the undergraduate or graduate level who declare an intention to serve
13 and who subsequently serve in this state for a minimum of five (5) years in the science
14 and engineering field within the aerospace sector. Students meeting the criteria
15 provided in this subsection shall be given the opportunity to participate in the program.

16 2. The Commission is authorized to make employment incentive payments
17 pursuant to the provisions of this subsection to persons participating in the program who
18 actually render a minimum of five (5) years of service in the aerospace sector. The total
19 amount of the employment incentive payments for any qualified person shall not exceed
20 an amount equal to four times the average annual cost of undergraduate resident tuition
21 and mandatory fees for full-time enrollment at public and private higher education

1 institutions in the state which offer qualified programs and shall be prorated annually
2 over five (5) years of service.

3 3. The Commission shall require the execution of appropriate contracts with
4 eligible persons participating in the program. Persons failing to comply with the
5 requirements of the program shall not be eligible for the employment incentive payments
6 provided for in this subsection.

7 4. If insufficient funds are available for employment incentive payments to
8 qualified persons during any fiscal year, the Commission may make reductions in the
9 payments made to persons participating in the program.

10 E. The Commission may use an amount, not to exceed Two Hundred Thousand
11 Dollars (\$200,000.00) annually, to administratively manage the employment incentive
12 program.

13 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 2357.301 of Title 68, unless there is created a duplication in
15 numbering, reads as follows:

16 A. As used in this section:

17 1. "Qualified person" means any person having been awarded a baccalaureate or
18 master's degree from a qualified program by an institution;

19 2. "Qualified program" means a program that produces graduates from an
20 Accrediting Board for Engineering and Technology (ABET) accredited baccalaureate
21 degree program, or graduates with a Master of Science or Doctorate Degree or Bachelor

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~~Strike thru~~ language denotes deletion from present Statutes.

1 of Science Degree in physics, chemistry, mathematics, statistics, computer science, and
2 others as may be deemed appropriate by the Commission;

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

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

9 5. "Aerospace Sector" means as defined in subsection B of Section 1 of this act; and

10 6. "Qualified wage cost" means either payments in the form of contract labor for
11 which the payor is required to provide a Form 1099 to the person paid, or wages subject
12 to withholding paid to a part-time employee or full-time employee for wages, salary or
13 other remuneration paid to such person, exclusive of any employer-provided retirement
14 benefit, employer-provided medical or health care benefit, reimbursement for travel,
15 meals, lodging or any other expense reimbursed to the graduate.

16 B. For taxable years beginning after December 31, 2007, there shall be allowed a
17 credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
18 Statutes for qualified wage costs incurred with respect to a qualified person by a
19 qualified employer.

20 C. The credit authorized by subsection B of this section shall be in the amount of:

21 1. Thirty percent (30%) of the qualified wage cost for the first through fifth years of
22 employment if the employee graduated from an institution located in the state; and

1 2. Twenty percent (20%) of the qualified wage cost for the first through fifth years
2 of employment if the graduate is from an institution located outside the state.

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

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

7 F. No credit otherwise authorized pursuant to this section shall be claimed by a
8 qualified employer based upon qualifying wage costs with respect to a qualified person
9 after the fifth taxable year for which any credit authorized by this section is claimed
10 based upon qualified wage costs with respect to such qualified person, regardless of the
11 total number of employers claiming a credit authorized by this section.

12 G. The provisions of this section shall not prohibit a qualified employer from
13 claiming a credit for qualified wage costs if the qualified person to whom remuneration or
14 compensation was paid previously worked for any other qualified employer who claimed
15 credit authorized by this section.

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

19 A. As used in this section:

20 1. “Qualified person” means a person defined by paragraph 1 of subsection A of
21 Section 2 of this act;

1 2. “Qualified program” means a program defined by paragraph 2 of subsection A of
2 Section 2 of this act;

3 3. “Institution” means any college or university defined by paragraph 3 of
4 subsection A of Section 2 of this act; and

5 4. “Qualified employer” means an employer defined by paragraph 4 of subsection A
6 of Section 2 of this act.

7 B. For taxable years beginning after December 31, 2007, there shall be allowed a
8 credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
9 Statutes in an amount not to exceed Five Thousand Dollars (\$5,000.00) per year for a
10 period of time not to exceed five (5) years to a qualified person employed by a qualified
11 employer.

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

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

16 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 2357.303 of Title 68, unless there is created a duplication in
18 numbering, reads as follows:

19 A. As used in this section:

20 1. “Qualified employer” means a sole proprietor, general or limited partnership,
21 corporation, limited liability company or other legally recognized business or government
22 entity whose principal business activity involves the aerospace sector;

1 2. “Aerospace sector” means a private or public organization defined by subsection
2 B of Section 1 of this act;

3 3. “Eligible employment” means work performed by a qualified intern for an
4 qualified employer within the State of Oklahoma;

5 4. “Compensation” means wages or salary or other remuneration paid by an
6 qualified employer to a qualified intern during the period of time the student has been
7 certified by the college or university in which the student is enrolled to be an intern; and

8 5. “Qualified intern” means a student enrolled with a minimum of three (3) hours
9 in regularly graded course work at an institution within The Oklahoma State System of
10 Higher Education or any other private college or university that is accredited by a
11 national accrediting body and located within the state who is pursuing a bachelor’s
12 degree in science or engineering and who is considered by the college or university in
13 which they are enrolled to be either a junior or senior for academic purposes or is a
14 student who is pursuing a graduate-level program or professional degree in physics,
15 chemistry, mathematics, statistics, computer science, and others as may be deemed
16 appropriate by the Commission.

17 B. For taxable years beginning after December 31, 2007, there shall be allowed a
18 credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
19 Statutes equal to fifty percent (50%) of the compensation paid by a qualified employer to
20 a qualified intern for eligible employment.

21 C. Any person who becomes placed as a qualified intern with a qualified employer
22 that may claim the credit authorized by this section may receive college credit for the

1 hours worked if the student successfully completes all the requirements for the
2 internship established by the college or university in which the student is enrolled. The
3 State Regents for Higher Education shall establish a policy regarding the number of
4 hours of college credit to be awarded based upon the number of hours worked by the
5 intern for institutions in the State System of Higher Education.

6 D. The credit authorized by this section shall not be used to reduce the liability of
7 the taxpayer to less than zero (0).

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

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

13 A. As used in this section:

- 14 1. "Qualified internship recruiting expense" means:
- 15 a. advertising costs, and
 - 16 b. travel and lodging expenses to the extent such expenses are directly
17 related to the process for interviewing, communications and other
18 activity the principal purpose of which is to identify and engage the
19 services of a qualified intern;

20 2. "Qualified intern" means a person defined by paragraph 5 of subsection A of
21 Section 4 of this act; and

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1 3. “Qualified employer” means an employer as defined in paragraph 1 of subsection
2 A of Section 4 of this act.

3 B. For taxable years beginning after December 31, 2007, there shall be allowed a
4 credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma
5 Statutes equal to fifty percent (50%) of qualified internship recruiting expenses paid by a
6 qualified employer.

7 C. The credit authorized by this section shall not be used to reduce the liability of
8 the taxpayer to less than zero (0).

9 D. Any credit authorized, but not used, may be carried over, in order, to each of the
10 five (5) succeeding taxable years.

11 SECTION 6. Section 1 of this act shall become effective November 1, 2007.

12 SECTION 7. Sections 2 through 5 of this act shall become effective January 1,
13 2008.

14 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND TECHNOLOGY, dated
15 03-07-07 - DO PASS, As Amended and Coauthored.