

EHB 3239

THE STATE SENATE
Thursday, April 3, 2008

ENGROSSED

House Bill No. 3239

As Amended

ENGROSSED HOUSE BILL NO. 3239 - By: McNiel, Banz, Jackson, Pittman,
Shannon, Dorman, Shumate and Proctor of the House and Corn of the
Senate.

(Aerospace - tax credits - codification -
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:

As used in Sections 1 through 4 of this act:

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

2. "Compensation" means payments in the form of contract labor
for which the payor is required to provide a Form 1099 to the person
paid, wages subject to withholding tax paid to a part-time employee

1 or full-time employee, or salary or other remuneration.

2 Compensation shall not include employer-provided retirement, medical
3 or health-care benefits, reimbursement for travel, meals, lodging or
4 any other expense;

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

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

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

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

21 7. "Tuition" means the average annual amount paid by a
22 qualified employee for enrollment and instruction in a qualified

1 program. Tuition shall not include the cost of books, fees or room
2 and board.

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 2357.302 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, **and**
7 **ending before January 1, 2014**, a qualified employer shall be allowed
8 a credit against the tax imposed pursuant to Section 2355 of Title
9 68 of the Oklahoma Statutes for tuition reimbursed to a qualified
10 employee.

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

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

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.

19 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 4-1-08 - DO PASS,
20 As Amended.