

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 HOUSE BILL 2156

By: Jett

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5  
6 AS INTRODUCED

7 An Act relating to aerospace; providing for authority  
8 for the Oklahoma Center for the Advancement of  
9 Science and Technology to distribute funding for  
10 retaining graduates; defining term; providing for  
11 tuition reimbursement; providing for appropriation  
12 for administrative management of reimbursement  
13 program; providing for tax credits; defining terms;  
14 authorizing income tax credit; providing income tax  
15 credit based upon certain qualifying wage costs  
16 incurred with respect to certain graduates of  
17 institutions of higher learning; specifying amount of  
18 credit based upon year of employment; prohibiting use  
19 of credit in excess of certain liability amount;  
20 authorizing carryover; imposing maximum number of  
21 taxable years for which credit claimed; authorizing  
22 income tax credit for certain compensation paid to  
23 certain interns; specifying amount of credit;  
24 directing governing bodies to develop criteria to  
identify students for internships; providing for  
award of college credit for internship; prohibiting  
use of credit to reduce liability below certain  
amount; authorizing carryover; authorizing income tax  
credit for certain qualified expenses; defining  
terms; authorizing tax credit based on certain  
rotational intern program expenses; defining terms;  
prohibiting use of credit to reduce liability below  
certain amount; providing for codification; and  
providing 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  
2 in the Oklahoma Statutes as Section 5060.3b of Title 74, unless  
3 there is created a duplication in numbering, reads as follows:

4           A. The Oklahoma Center for the Advancement of Science and  
5 Technology (OCAST) shall focus available resources and funds to  
6 promote and support increased emphasis on growing, retaining and  
7 attracting an engineering workforce.

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

14           C. Subject to the availability of funds, OCAST shall implement  
15 and offer the following employment incentive program to retain and  
16 attract an engineering workforce:

17           1. OCAST shall establish a scientific and engineering graduate  
18 employment incentive program for students enrolled in a major course  
19 of study in science and engineering at the undergraduate or graduate  
20 level who declare an intention to serve and who subsequently serve  
21 in this state for a minimum of five (5) years in the science and  
22 engineering field within the aerospace sector. Students meeting the  
23 criteria provided in this subsection shall be given the opportunity  
24 to participate in the program.

1           2. OCAST is authorized to make employment incentive payments  
2 pursuant to the provisions of this subsection to persons who  
3 actually render a minimum of five (5) years of service as engineers  
4 in this state if not less than seventy-five percent (75%) of the  
5 engineering work assignment meets the criteria specified in this  
6 paragraph. The total amount of the employment incentive payments  
7 for any qualified person shall not exceed an amount equal to three  
8 times the average annual cost of undergraduate resident tuition and  
9 fees for full-time enrollment at state institutions which offer  
10 science and engineering education programs. Any amount not  
11 necessary to repay the balance of a student loan shall be paid  
12 directly to any person otherwise eligible for employment incentive  
13 payments pursuant to this subsection.

14           3. OCAST shall require the execution of appropriate contracts  
15 with eligible persons. Persons failing to comply with the  
16 requirements of this subsection shall not be eligible for the  
17 employment incentive payments provided for in this subsection.

18           4. If insufficient funds are available for employment  
19 incentive payments to qualified persons during any fiscal year,  
20 OCAST may make reductions in the payments made to those qualifying.

21           D. Funding, not to exceed Two Hundred Thousand Dollars  
22 (\$200,000.00) is necessary for OCAST to administratively manage the  
23 employment incentive program, and shall be appropriated accordingly.  
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1           SECTION 2.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 2357.301 of Title 68, unless  
3 there is created a duplication in numbering, reads as follows:

4           A. As used in this section:

5           1. "Graduate" means any Oklahoma resident having been awarded a  
6 bachelor's degree, master's degree, doctorate or other postgraduate  
7 degree by an institution;

8           2. "Institution" means any college or university within The  
9 Oklahoma State System of Higher Education or any other accredited  
10 college or university;

11           3. "Qualified employer" means a sole proprietor, general  
12 partnership, limited partnership, limited liability company,  
13 corporation or other legally recognized business entity whose  
14 principal business activity involves the areas of aerospace,  
15 engineering, or technology.

16           4. "Qualified wage cost" means either payments in the form of  
17 contract labor for which the payor is required to provide a Form  
18 1099 to the person paid, or wages subject to withholding paid to a  
19 part-time employee or full-time employee for wages, salary or other  
20 remuneration paid to such person, exclusive of any employer-provided  
21 retirement benefit, employer-provided medical or health care  
22 benefit, reimbursement for travel, meals, lodging or any other  
23 expense reimbursed to the graduate.

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1 B. For taxable years beginning after December 31, 2007, there  
2 shall be allowed a credit against the tax imposed pursuant to  
3 Section 2355 of Title 68 of the Oklahoma Statutes for qualified wage  
4 costs incurred with respect to a graduate by a qualified employer.

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

7 1. Thirty percent (30%) of the qualified wage cost for the 1st  
8 through 5th years of employment if the graduate is from an Oklahoma  
9 institution.

10 2. Twenty percent (20%) of the qualified wage cost for the  
11 first through fifth years of employment.

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

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

16 F. No credit otherwise authorized pursuant to this section  
17 shall be claimed by a qualified employer based upon qualifying wage  
18 costs with respect to a graduate after the fifth taxable year for  
19 which any credit authorized by this section is claimed based upon  
20 qualified wage costs with respect to such graduate, regardless of  
21 the total number of employers claiming a credit authorized by this  
22 section.

23 G. The provisions of this section shall not prohibit a  
24 qualified employer from claiming a credit for qualified wage costs

1 if the graduate to whom remuneration or compensation was paid  
2 previously worked for any other qualified employer who claimed  
3 credit authorized by this section.

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

7 A. As used in this section:

8 1. "Graduate" means a person defined by paragraph 1 of  
9 subsection A of Section 2 of this act.

10 2. "Institution" means any college or university defined by  
11 paragraph 2 of subsection A of Section 2 of this act.

12 3. "Qualified employer" means an employer defined by paragraph  
13 3 of subsection A of Section 2 of this act.

14 4. "Qualified wage cost" means payments defined by paragraph 4  
15 of subsection A of Section 2 of this act.

16 B. For taxable years beginning after December 31, 2007, there  
17 shall be allowed a credit against the tax imposed pursuant to  
18 Section 2355 of Title 68 of the Oklahoma Statutes in an amount not  
19 to exceed Five Thousand Dollars (\$5,000.00) to an aerospace science  
20 and engineering graduate employed by a qualified employer for a  
21 period of time not to exceed five (5) years.

22 C. The credit authorized by this section shall not be used to  
23 reduce the tax liability of the taxpayer to less than zero (0).  
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1 D. Any credit claimed, but not used, may be carried over, in  
2 order, to each of the five (5) subsequent taxable years.

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

6 A. As used in this section:

7 1. "Eligible employer" means a sole proprietor, partnership,  
8 corporation, limited liability company or other legally recognized  
9 business entity engaged in a lawful business activity and which has  
10 been approved by OCAST or other governing board of an accredited  
11 college or university to engage the services of a qualified intern;

12 2. "Eligible employment" means work performed by a qualified  
13 intern for an eligible employer within the State of Oklahoma;

14 3. "Compensation" means wages or salary or other remuneration  
15 paid by an eligible employer to a qualified intern during the period  
16 of time the student has been certified by a college or university to  
17 be an intern; and

18 4. "Qualified intern" means a student enrolled with a minimum  
19 of three (3) hours in regularly graded course work at an institution  
20 within The Oklahoma State System of Higher Education or any other  
21 accredited college or university located within the state who is  
22 pursuing a bachelor's degree in science or engineering and who is  
23 considered by the applicable college or university to be either a  
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1 junior or senior for academic purposes or a student pursuing any  
2 graduate-level program or professional degree.

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

8 C. The governing board of each institution within The Oklahoma  
9 State System of Higher Education and the governing board of any  
10 other accredited college or university within the state shall  
11 develop criteria to identify students who are eligible to be placed  
12 as interns with an eligible employer. The Board of Regents for The  
13 Oklahoma State System of Higher Education or the governing board of  
14 any other accredited college or university shall give consideration  
15 to the academic studies, skills or interests of the student with  
16 respect to potential service as an intern for an eligible employer.

17 D. No internship shall be authorized for the credit provided by  
18 this section for compensation paid to a qualified intern unless the  
19 Board of Regents or other governing board, as applicable, determines  
20 that the internship and the nature of the business activity engaged  
21 in by the eligible employer is likely to provide a positive  
22 experience for the intern and that the nature of the business  
23 activity conducted does not pose an unreasonable threat of harm,  
24 physical or otherwise, to the intern.

1 E. Any person who becomes placed as an intern with an employer  
2 that may claim the credit authorized by this section shall receive  
3 college credit for the hours worked if the student successfully  
4 completes all other class work in which the student is enrolled with  
5 a grade of C or better and the supervising professor awards a grade  
6 of C or better for the internship curricula. The Board of Regents  
7 for The Oklahoma State System of Higher Education or other governing  
8 board of an accredited college or university shall establish a  
9 policy regarding the number of hours of college credit to be awarded  
10 based upon the number of hours worked by the intern.

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

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

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

18 A. As used in this section:

19 1. "Qualified internship recruiting expense" means:

20 a. advertising costs, and

21 b. travel and lodging expenses to the extent such  
22 expenses are directly related to the process for  
23 interviewing, communications and other activity the  
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1 principal purpose of which is to identify and engage  
2 the services of a qualified intern; and

3 2. "Qualified intern" means a person defined by paragraph 4 of  
4 subsection A of Section 3 of this act.

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

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

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

13 SECTION 6. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2357.305 of Title 68, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Eligible employer" means a sole proprietor, partnership,  
18 corporation, limited liability company or other legally recognized  
19 business entity engaged in a lawful business activity and which has  
20 been approved by OCAST or other governing board to establish and  
21 participate in a rotational intern program;

22 2. "Eligible employment" means work performed by a new hire for  
23 an eligible employer within the State of Oklahoma;

1 3. "Compensation" means wages or salary or other remuneration  
2 paid by an eligible employer to a new hire during the period of time  
3 the new hire has participated in a rotational intern program;

4 4. "Rotational intern program" means a program allowing new  
5 hires to work in, learn, and become familiar with the different  
6 areas within the business of the eligible employer. The amount of  
7 time that a new hire spends in each specialized area will depend on  
8 the job activities performed in that area. The eligible employer  
9 may set appropriate time limits per job area as it deems necessary;  
10 and

11 5. "New hire" means any employee with less than two (2) years  
12 of employment for the eligible employer.

13 B. For taxable years beginning after December 31, 2007, there  
14 shall be allowed a credit against the tax imposed pursuant to  
15 Section 2355 of Title 68 of the Oklahoma Statutes equal to fifty  
16 percent (50%) of the compensation paid by an eligible employer to a  
17 new hire for eligible employment.

18 C. The governing board of OCAST or other governing board, as  
19 applicable, within the state shall develop criteria to identify new  
20 hires who are eligible to be placed in the rotational intern program  
21 with an eligible employer. OCAST or other governing board, as  
22 applicable, within the state shall give consideration to the  
23 previous academic studies, degrees or certifications earned, and  
24 skills or interests of the new hire with respect to potential

1 service in the rotational intern program as a new hire for an  
2 eligible employer.

3 D. No rotational internship shall be authorized for the credit  
4 provided by this section for compensation paid to a new hire unless  
5 OCAST or other governing board, as applicable, determines that the  
6 rotational internship and the nature of the business activity  
7 engaged in by the eligible employer is likely to provide a positive  
8 experience for the new hire and that the nature of the business  
9 activity conducted does not pose an unreasonable threat of harm,  
10 physical or otherwise, to the new hire.

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

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

15 SECTION 7. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 2357.306 of Title 68, unless  
17 there is created a duplication in numbering, reads as follows:

18 A. As used in this section:

19 1. "Rotational intern expense" means any expenses that are  
20 directly related to the process for training and any other activity,  
21 the principal purpose of which is to familiarize, train, and educate  
22 new hires regarding the overall business activities of the eligible  
23 employer.

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1        2. "Rotational intern program" means a program defined by  
2 paragraph 4 of subsection A of Section 5 of this act.

3        3. "New hire" means a person defined by paragraph 5 of  
4 subsection A of Section 5 of this act.

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

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

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

13        SECTION 8. Section 1 of this act shall become effective  
14 November 1, 2007.

15        SECTION 9. Sections 2 through 7 of this act shall become  
16 effective January 1, 2008.

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