

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 HOUSE BILL 3287

By: McNiel

4  
5  
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2001, Sections 1, 2, 3 and 4, Chapter 417,  
9 O.S.L. 2008 (68 O.S. Supp. 2009, Sections 2357.301,  
10 2357.302, 2357.303 and 2357.304), which relate to  
11 certain credits against income tax; modifying  
12 definitions; modifying references to taxable years  
13 for which credits claimable; authorizing credits  
14 based upon persons employed to perform engineering  
15 services; and providing an effective date.

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

17 SECTION 1. AMENDATORY Section 1, Chapter 417, O.S.L.  
18 2008 (68 O.S. Supp. 2009, Section 2357.301), is amended to read as  
19 follows:

20 Section 2357.301 As used in Sections ± 2357.301 through ±  
21 2357.304 of this act:

22 1. ~~"Aerospace sector" means a private or public organization~~  
23 ~~engaged in the manufacture of aerospace or defense hardware or~~  
24 ~~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~~

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.~~ 2. "Institution" means an institution within The Oklahoma  
11 State System of Higher Education or any other public or private  
12 college or university that is accredited by a national accrediting  
13 body;

14 ~~4.~~ 3. "Qualified employer" means a sole proprietor, general  
15 partnership, limited partnership, limited liability company,  
16 corporation, other legally recognized business entity, or public  
17 entity whose principal business activity involves ~~the aerospace~~  
18 ~~sector~~ the services of a professional aerospace, chemical, civil,  
19 mechanical, electrical, or other engineer;

20 ~~5.~~ 4. "Qualified employee" means any person employed by or  
21 contracting with a qualified employer on or after January 1, ~~2009~~  
22 2011, who has been awarded an undergraduate or graduate degree from  
23 a qualified program by an institution in a recognized engineering  
24 field of study, and who was not employed ~~in the aerospace sector~~ as

1 an engineer in this state immediately preceding employment or  
2 contracting with a qualified employer;

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

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

11 SECTION 2. AMENDATORY Section 2, Chapter 417, O.S.L.  
12 2008 (68 O.S. Supp. 2009, Section 2357.302), is amended to read as  
13 follows:

14 Section 2357.302 A. For taxable years beginning after December  
15 31, ~~2008~~ 2010, a qualified employer shall be allowed a credit  
16 against the tax imposed pursuant to Section 2355 of Title 68 of the  
17 Oklahoma Statutes for 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 in a recognized engineering field  
21 of study within one (1) year of commencing employment with the  
22 qualified employer.

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

1 a qualified employee for the first through fourth years of  
2 employment. In no event shall this credit exceed fifty percent  
3 (50%) of the average annual amount paid by a qualified employee for  
4 enrollment and instruction in a qualified program at a public  
5 institution in Oklahoma.

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

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

11 SECTION 3. AMENDATORY Section 3, Chapter 417, O.S.L.  
12 2008 (68 O.S. Supp. 2009, Section 2357.303), is amended to read as  
13 follows:

14 Section 2357.303 A. For taxable years beginning after December  
15 31, ~~2008~~ 2010, a qualified employer shall be allowed a credit  
16 against the tax imposed pursuant to Section 2355 of Title 68 of the  
17 Oklahoma Statutes for compensation paid to a qualified employee.

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

20 1. Ten percent (10%) of the compensation paid for the first  
21 through fifth years of employment ~~in the aerospace sector~~ if the  
22 qualified employee graduated from an institution located in this  
23 state; or

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1           2. Five percent (5%) of the compensation paid for the first  
2 through fifth years of employment ~~in the aerospace sector~~ if the  
3 qualified employee graduated from an institution located outside  
4 this state.

5           C. The credit authorized by this section shall not exceed  
6 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified  
7 employee annually.

8           D. The credit authorized by this section shall not be used to  
9 reduce the tax liability of the qualified employer to less than zero  
10 (0).

11           E. No credit authorized pursuant to this section shall be  
12 claimed after the fifth year of employment.

13           SECTION 4.           AMENDATORY           Section 4, Chapter 417, O.S.L.  
14 2008 (68 O.S. Supp. 2009, Section 2357.304), is amended to read as  
15 follows:

16           Section 2357.304 A. For taxable years beginning after December  
17 31, ~~2008~~ 2010, a qualified employee shall be allowed a credit  
18 against the tax imposed pursuant to Section 2355 of Title 68 of the  
19 Oklahoma Statutes of up to Five Thousand Dollars (\$5,000.00) per  
20 year for a period of time not to exceed five (5) years.

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

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

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SECTION 5. This act shall become effective January 1, 2011.

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