

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1926

By: Newberry

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending
8 Sections 1, 2, 3 and 4, Chapter 417, O.S.L. 2008 (68
9 O.S. Supp. 2009, Sections 2357.301, 2357.302,
10 2357.303 and 2357.304), which relate to income tax;
11 modifying time period during which certain
12 definitions apply; updating references; providing
13 definitions applicable on and after specified date;
14 modifying time period and definitions applicable to
15 certain tax credits for employers and employees; and
16 providing an effective date.

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

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

Section 301. ~~As A.~~ Before January 1, 2011, as used in this
section and Sections 1 through 4 of this act 2357.302, 2357.303 and
2357.304 of this title:

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

1 support relating to the aerospace industry, research and development
2 of aerospace technology and systems, and the education and training
3 of aerospace personnel;

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

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

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

14 4. "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;

19 5. "Qualified employee" means any person employed by or
20 contracting with a qualified employer on or after January 1, 2009,
21 who has been awarded an undergraduate or graduate degree from a
22 qualified program by an institution, and who was not employed in the
23 aerospace sector in this state immediately preceding employment or
24 contracting with a qualified employer;

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

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

9 B. On and after January 1, 2011, as used in this Section and
10 Sections 2357.302, 2357.303 and 2357.305 of this title:

11 1. "Compensation" means payments in the form of contract labor
12 for which the payor is required to provide a Form 1099 to the person
13 paid, wages subject to withholding tax paid to a part-time employee
14 or full-time employee, or salary or other remuneration.

15 Compensation shall not include employer-provided retirement, medical
16 or health-care benefits, reimbursement for travel, meals, lodging or
17 any other expense;

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

21 3. "Qualified employer" means a sole proprietor, general
22 partnership, limited partnership, limited liability company,
23 corporation, other legally recognized business entity, or public
24 entity whose principal business activity involves the employment of

1 any person who has been awarded an undergraduate or graduate degree
2 from a qualified program by an institution, and who was not employed
3 in this state immediately preceding employment or contracting for
4 work in this state immediately preceding such contract;

5 4. "Qualified employee" means any person employed by or
6 contracting with a qualified employer on or after January 1, 2011,
7 who has been awarded an undergraduate or graduate degree from a
8 qualified program by an institution, and who was not employed in
9 this state immediately preceding employment or contracting with a
10 qualified employer;

11 5. "Qualified program" means a program that has been accredited
12 by the Engineering Accreditation Commission of the Accreditation
13 Board for Engineering and Technology (ABET) and that awards an
14 undergraduate or graduate degree; and

15 6. "Tuition" means the average annual amount paid by a
16 qualified employee for enrollment and instruction in a qualified
17 program. Tuition shall not include the cost of books, fees or room
18 and board.

19 SECTION 2. AMENDATORY Section 2, Chapter 417, O.S.L.
20 2008 (68 O.S. Supp. 2009, Section 2357.302), is amended to read as
21 follows:

22 Section 2357.302 A. 1. For taxable years beginning after
23 December 31, 2008, and ending before January 1, 2011, a qualified
24 employer, as defined in subsection A of Section 2357.301 of this

1 title shall be allowed a credit against the tax imposed pursuant to
2 Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for
3 tuition reimbursed to a qualified employee, as defined in subsection
4 A of Section 2357.301 of this title.

5 2. For taxable years beginning on or after January 1, 2011, a
6 qualified employer, as defined in subsection B of Section 2357.301
7 of this title shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title for tuition reimbursed to a
9 qualified employee, as defined in subsection B of Section 2357.301
10 of this title.

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.

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

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

3 SECTION 3. AMENDATORY Section 3, Chapter 417, O.S.L.
4 2008 (68 O.S. Supp. 2009, Section 2357.303), is amended to read as
5 follows:

6 Section 2357.303 A. 1. For taxable years beginning after
7 December 31, 2008, and ending before January 1, 2011, a qualified
8 employer, as defined in subsection A of Section 2357.301 of this
9 title, shall be allowed a credit against the tax imposed pursuant to
10 Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for
11 compensation paid to a qualified employee, as defined in subsection
12 A of Section 2357.301 of this title.

13 2. For taxable years beginning on or after January 1, 2011, a
14 qualified employer, as defined in subsection B of Section 2357.301
15 of this title shall be allowed a credit against the tax imposed
16 pursuant to Section 2355 of this title for tuition reimbursed to a
17 qualified employee, as defined in subsection B of Section 2357.301
18 of this title.

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

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

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. 1. For taxable years beginning after
17 December 31, 2008, and ending before January 1, 2011, a qualified
18 employee, as defined in subsection A of Section 2357.301 of this
19 title, shall be allowed a credit against the tax imposed pursuant to
20 Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title of up
21 to Five Thousand Dollars (\$5,000.00) per year for a period of time
22 not to exceed five (5) years.

23 2. For taxable years beginning on or after January 1, 2011, a
24 qualified employee, as defined in subsection B of Section 2357.301

1 of this title, shall be allowed a credit against the tax imposed
2 pursuant to Section 2355 of this title of up to Five Thousand
3 Dollars (\$5,000.00) per year for a period of time not to exceed five
4 (5) years.

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

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

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

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