

**BILL SUMMARY**  
2nd Session of the 52<sup>nd</sup> Legislature

<b>Bill No.:</b>	<b>HB 3287</b>
<b>Version:</b>	<b>Committee Substitute</b>
<b>Author:</b>	<b>Representative McNiell</b>
<b>Date:</b>	<b>March 4, 2010</b>
<b>Impact:</b>	<b>Fiscal Impact in Progress</b>

**Bill Summary**

Research Analyst:       Dusty Darr

The Committee Substitute (CS) for House Bill 3287 strikes the title and relates to income tax credits currently provided to qualifying employers and employees in the aerospace business sector. The measure removes the current definition of “aerospace sector” and provides new definitions for “eligible Oklahoma company” and “eligible out-of-state company.” In addition, the measure expands the definition of “qualified employer” from solely relating to individuals and entities involved in the “aerospace sector” to also include eligible Oklahoma and out-of-state companies whose principal business activity involves one or more of the following: agriculture, aerospace or aviation, biology or biotechnology, genomics, weather science and technology, telecommunications, and sensors.

The definition of “qualified employee” is also expanded from solely relating to individuals involved in the “aerospace sector” to include engineers who have been awarded an undergraduate or graduate degree from a qualified program by an institution in a recognized engineering field of study, who has not been employed as an engineer in this state at any time prior to employment or contracting with a qualified employer. The measure also modifies the references to taxable years for which the authorized credits are claimable by stating that the credits will be allowed for taxable years beginning after December 31, 2010.

**Fiscal Summary**

Fiscal Analyst:       Diane Thomas

CS for HB 3287 (effective January 1, 2011) amends the income tax credit for the aerospace sector and includes the following major changes:

- Removes the aerospace sector and expands the credit to cover engineers employed by businesses involved in agriculture, aerospace/aviation, biology/biotechnology, genomics, weather science and technology, telecommunications and sensors; and
- Defines eligible companies.

**Fiscal Analysis**

The Tax Commission (OTC) notes that the definition for eligible companies seems to attempt to limit the credit to new-to-Oklahoma enterprises, however, as written, this limitation is not met.

The fiscal impact for the effects on the employee credit and employer credit for compensation paid and tuition reimbursements are still in progress.

**Long Term Fiscal Considerations**

As stated above.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director