

1 ENGROSSED HOUSE  
2 BILL NO. 2509

By: Sears and Denney of the  
House

3 and

4 Mazzei of the Senate  
5

6  
7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2011, Sections 2357.301, 2357.302, 2357.303 and  
9 2357.304, which relate to tax credits for aerospace  
engineers; modifying definition; modifying reference  
to taxable years; and providing an effective date.  
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12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.301, is  
14 amended to read as follows:

15 Section 2357.301 As used in Sections 4 2357.301 through 4  
16 2357.304 of this ~~act~~ title:

17 1. "Aerospace sector" means a private or public organization  
18 engaged in the manufacture of aerospace or defense hardware or  
19 software, aerospace maintenance, aerospace repair and overhaul,  
20 supply of parts to the aerospace industry, provision of services and  
21 support relating to the aerospace industry, research and development  
22 of aerospace technology and systems, and the education and training  
23 of aerospace personnel;  
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1           2. "Compensation" means payments in the form of contract labor  
2 for which the payor is required to provide a Form 1099 to the person  
3 paid, wages subject to withholding tax paid to a part-time employee  
4 or full-time employee, or salary or other remuneration.

5 Compensation shall not include employer-provided retirement, medical  
6 or health-care benefits, reimbursement for travel, meals, lodging or  
7 any other expense;

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

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

16           5. "Qualified employee" means any person, regardless of the  
17 date of hire, employed in this state by or contracting in this state  
18 with a qualified employer on or after January 1, 2009, who has been  
19 awarded an undergraduate or graduate degree from a qualified program  
20 by an institution, and who was not employed in the aerospace sector  
21 in this state immediately preceding employment or contracting with a  
22 qualified employer. Provided, the definition shall not be  
23 interpreted to exclude any person who was employed in the aerospace  
24 sector, but not as a full-time engineer, prior to being awarded an

1 undergraduate or graduate degree from a qualified program by an  
2 institution or any person who has been awarded an undergraduate or  
3 graduate degree from a qualified program by an institution and is  
4 employed by a professional staffing company and assigned to work in  
5 the aerospace sector in this state;

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

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

14 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.302, is  
15 amended to read as follows:

16 Section 2357.302 A. Except as provided in subsection F of this  
17 section, for taxable years beginning after December 31, 2008, and  
18 ending before January 1, ~~2015~~ 2018, a qualified employer shall be  
19 allowed a credit against the tax imposed pursuant to Section 2355 of  
20 this title for tuition reimbursed to a qualified employee.

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

1 C. The credit authorized by subsection A of this section shall  
2 be in the amount of fifty percent (50%) of the tuition reimbursed to  
3 a qualified employee for the first through fourth years of  
4 employment. In no event shall this credit exceed fifty percent  
5 (50%) of the average annual amount paid by a qualified employee for  
6 enrollment and instruction in a qualified program at a public  
7 institution in Oklahoma.

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

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

13 F. No credit otherwise authorized by the provisions of this  
14 section may be claimed for any event, transaction, investment,  
15 expenditure or other act occurring on or after July 1, 2010, for  
16 which the credit would otherwise be allowable. The provisions of  
17 this subsection shall cease to be operative on July 1, 2011.  
18 Beginning July 1, 2011, the credit authorized by this section may be  
19 claimed for any event, transaction, investment, expenditure or other  
20 act occurring on or after July 1, 2011, according to the provisions  
21 of this section.

22 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.303, is  
23 amended to read as follows:

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1 Section 2357.303 A. Except as provided in subsection F of this  
2 section, for taxable years beginning after December 31, 2008, and  
3 ending before January 1, ~~2015~~ 2018, a qualified employer shall be  
4 allowed a credit against the tax imposed pursuant to Section 2355 of  
5 this title for compensation paid to a qualified employee.

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

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

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

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

19 D. The credit authorized by this section shall not be used to  
20 reduce the tax liability of the qualified employer to less than zero  
21 (0).

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

1 F. No credit otherwise authorized by the provisions of this  
2 section may be claimed for any event, transaction, investment,  
3 expenditure or other act occurring on or after July 1, 2010, for  
4 which the credit would otherwise be allowable. The provisions of  
5 this subsection shall cease to be operative on July 1, 2011.  
6 Beginning July 1, 2011, the credit authorized by this section may be  
7 claimed for any event, transaction, investment, expenditure or other  
8 act occurring on or after July 1, 2011, according to the provisions  
9 of this section.

10 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.304, is  
11 amended to read as follows:

12 Section 2357.304 A. Except as provided in subsection D of this  
13 section, for taxable years beginning after December 31, 2008, and  
14 ending before January 1, ~~2015~~ 2018, a qualified employee shall be  
15 allowed a credit against the tax imposed pursuant to Section 2355 of  
16 this title of up to Five Thousand Dollars (\$5,000.00) per year for a  
17 period of time not to exceed five (5) years.

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

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

22 D. No credit otherwise authorized by the provisions of this  
23 section may be claimed for any event, transaction, investment,  
24 expenditure or other act occurring on or after July 1, 2010, for

