

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 54th Legislature (2014)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2509

By: Sears and Denney of the
House

and

Mazzei of the Senate

11 COMMITTEE SUBSTITUTE

12 An Act relating to revenue and taxation; amending 68
13 O.S. 2011, Sections 2357.301, 2357.302, 2357.303 and
14 2357.304, which relate to tax credits for aerospace
engineers; modifying definition; modifying reference
to taxable years; and providing an effective date.

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

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

20 Section 2357.301 As used in Sections ~~±~~ 2357.301 through 4
21 2357.304 of this ~~act~~ title:

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,

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

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

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

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

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

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

1 in this state immediately preceding employment or contracting with a
2 qualified employer. Provided, the definition shall not be
3 interpreted to exclude any person who was employed in the aerospace
4 sector, but not as a full-time engineer, prior to being awarded an
5 undergraduate or graduate degree from a qualified program by an
6 institution or any person who has been awarded an undergraduate or
7 graduate degree from a qualified program by an institution and is
8 employed by a professional staffing company and assigned to work in
9 the aerospace sector in this state;

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

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

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

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

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

5 C. The credit authorized by subsection A of this section shall
6 be in the amount of fifty percent (50%) of the tuition reimbursed to
7 a qualified employee for the first through fourth years of
8 employment. In no event shall this credit exceed fifty percent
9 (50%) of the average annual amount paid by a qualified employee for
10 enrollment and instruction in a qualified program at a public
11 institution in Oklahoma.

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

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

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

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

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

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

12 1. Ten percent (10%) 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 in this
15 state; or

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

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

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1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the qualified employer to less than zero
3 (0).

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

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

11 Beginning July 1, 2011, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2011, according to the provisions
14 of this section.

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

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

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

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

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

12 SECTION 5. This act shall become effective November 1, 2014.

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14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
15 02/25/2014 - DO PASS, As Amended and Coauthored.

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