

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 2710

By: McNiel

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5
6 AS INTRODUCED

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
10 engineers; modifying reference to taxable years; and
11 providing an effective date.

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;

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 employed by or
17 contracting with a qualified employer on or after January 1, 2009,
18 who has been awarded an undergraduate or graduate degree from a
19 qualified program by an institution, and who was not employed in the
20 aerospace sector in this state immediately preceding employment or
21 contracting with a qualified employer; however, a qualified employee
22 shall include a person who served as an intern, whether for
23 compensation or not, for a qualified employer at any time before
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1 receiving an undergraduate or graduate degree from a qualified
2 program by an institution;

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

7 7. "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 68 O.S. 2011, Section 2357.302, is
12 amended to read as follows:

13 Section 2357.302 A. Except as provided in subsection F of this
14 section, for taxable years beginning after December 31, 2008, and
15 ending before January 1, ~~2015~~ 2018, a qualified employer shall be
16 allowed a credit against the tax imposed pursuant to Section 2355 of
17 this title 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 within one (1) year of commencing
21 employment with the qualified employer.

22 C. The credit authorized by subsection A of this section shall
23 be in the amount of fifty percent (50%) of the tuition reimbursed to
24 a qualified employee for the first through fourth years of

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

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

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

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

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

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

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

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

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

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

16 D. The credit authorized by this section shall not be used to
17 reduce the tax liability of the qualified employer to less than zero
18 (0).

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

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

1 this subsection shall cease to be operative on July 1, 2011.

2 Beginning July 1, 2011, the credit authorized by this section may be
3 claimed for any event, transaction, investment, expenditure or other
4 act occurring on or after July 1, 2011, according to the provisions
5 of this section.

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

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

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

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

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

23 Beginning July 1, 2011, the credit authorized by this section may be
24 claimed for any event, transaction, investment, expenditure or other

1 act occurring on or after July 1, 2011, according to the provisions
2 of this section.

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