

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1227

By: Mazzei

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6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2011,  
8 Sections 2357.301, 2357.302, 2357.303 and 2357.304,  
9 which relate to tax credits; modifying definition;  
10 modifying expiration of tax credits related to  
11 aerospace sector; and 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 ~~1 through 4 of this act~~  
16 2357.301 through 2357.304 of this 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 an Internal Revenue  
3 Service Form 1099 to the person paid, wages subject to withholding  
4 tax paid to a part-time employee or full-time employee, or salary or  
5 other remuneration. Compensation shall not include employer-  
6 provided retirement, medical or health-care benefits, reimbursement  
7 for travel, meals, lodging or 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 as an engineer immediately preceding  
21 employment or contracting with a qualified employer;

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

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

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

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

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

19 C. The credit authorized by subsection A of this section shall  
20 be in the amount of fifty percent (50%) of the tuition reimbursed to  
21 a qualified employee for the first through fourth years of  
22 employment. In no event shall this credit exceed fifty percent  
23 (50%) of the average annual amount paid by a qualified employee for  
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1 enrollment and instruction in a qualified program at a public  
2 institution in Oklahoma.

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

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

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

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

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

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

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

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

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

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

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

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

24 Beginning July 1, 2011, the credit authorized by this section may be

1 claimed for any event, transaction, investment, expenditure or other  
2 act occurring on or after July 1, 2011, according to the provisions  
3 of this section.

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

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

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

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

17 D. 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 5. This act shall become effective November 1, 2014.

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