

BILL SUMMARY
2nd Session of the 54th Legislature

Bill No.:	SB 1227
Version:	CS
Request Number:	10671
Author:	Rep. Sears
Date:	4/2/2014
Impact:	Tax Commission: Minimal Decrease in Revenue

Research Analysis

The House Committee Substitute for SB1227 extends the sunset date of the tax credits for employees and employers in the aerospace sector until January 1, 2018. Employers are eligible to receive a credit for 50 percent of the tuition reimbursed to a qualified employee for year 1-4 of employment. Employers may also receive a credit equal to 10 percent of compensation paid to a qualified employment for year 1-5 of employment if the employee graduated from an Oklahoma university or 5 percent of compensation if the employee graduated from an institution outside of the Oklahoma. The credit for a qualified employee in the aerospace sector is \$5000 per year up to five years.

The measure also amends the definition of *qualified employee* to mean any person, regardless of date of hire, employed in this state by or contracting in this state with a qualified employer, provided the definition of *qualified employer* should not be interpreted to exclude any individual employed in the aerospace sector, but not as a full-time engineer, prior to being awarded an undergraduate degree or any individual who has been awarded an undergraduate or graduate degree and is employed by a professional staffing company and assigned to work in the aerospace sector.

Prepared By: Quyen Do

Fiscal Analysis

SB 1227 proposes to amend 68 O.S. §§ 2357.301-304 (Credit for Employees in Aerospace Sector and the Credit for Employers in Aerospace Sector) by extending the sunset date to January 1, 2018. This measure also amends the definition of a qualified employee to provide that a person who worked in the aerospace sector, but not as a full-time engineer, before receiving an undergraduate or graduate degree, or any person who has received an undergraduate or graduate degree and is employed by a professional staffing company and assigned to work in the aerospace sector in this state shall not be excluded from this definition. This measure clarifies that an aerospace employee meets the definition of a qualified employee if they begin their employment in Oklahoma on or after January 1, 2009, regardless of their hire date.

There is no additional fiscal impact due to extending the sunset date through tax year 2017. Clarifying the definition of a qualified employee would result in a minimal decrease in income tax collections, which would occur in FY15 when the 2014 income tax returns are filed.

Prepared By: Mark Tygret

Other Considerations

None.

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