HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1839 By: Osborn (Leslie) of the House

and

David of the Senate

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2011, Sections 2357.302, 2357.303 and 2357.304, as amended by Sections 2, 3 and 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2016, Sections 2357.302, 2357.303 and 2357.304), which relate to tax credits for aerospace engineers; modifying reference to taxable years; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.302, as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2016, Section 2357.302), is amended to read as follows:

Section 2357.302 A. Except as provided in subsection F of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2018~~ 2022, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title for tuition reimbursed to a qualified employee.

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

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

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

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

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

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.303, as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2016, Section 2357.303), is amended to read as follows:

Section 2357.303 A. Except as provided in subsection F of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2018~~ 2022, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title for compensation paid to a qualified employee.

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

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

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

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

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

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

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

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.304, as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2016, Section 2357.304), is amended to read as follows:

Section 2357.304 A. Except as provided in subsection D of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2018~~ <u>2022</u>, a qualified employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title of up to Five Thousand Dollars ($5,000.00) per year for a period of time not to exceed five (5) years.

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

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

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

SECTION 4. This act shall become effective November 1, 2017.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated 02/14/2017 - DO PASS, As Coauthored.