

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 1839
Version:	INT
Request Number:	5541
Author:	Rep. Leslie Osborn
Date:	2/13/2017
Impact:	Tax Commission: \$0

Research Analysis

HB1839, as introduced, extends the sunset date of three tax credits that benefit aerospace engineers and their employers until tax year 2021.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

HB 1839 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 tax years ending before January 1, 2022.

CURRENT LAW:

Under current law, there are three (3) aerospace income tax credits:

1. An income tax credit is allowed for a qualified employer in the aerospace sector for tuition reimbursement to a qualified employee. The amount of the credit is fifty percent (50%) of the tuition reimbursed to a qualified employee for the first through fourth years of employment.
2. An income tax credit is allowed for a qualified employer in the aerospace for compensation paid to a qualified employee. The amount of the credit is 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 five percent (5%) if the qualified employee graduated from an institution located outside this state. The credit cannot exceed Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified employee annually.
3. An income tax credit is allowed for a qualified employee in the aerospace sector of up to Five Thousand Dollars (\$5,000.00) per year for a period of time not to exceed five (5) years. Any credit claimed, but not used, may be carried over up to five (5) subsequent taxable years.

All of these credits are set to expire for tax years ending before January 1, 2018.

REVENUE IMPACT:

No change to income tax collections are anticipated due to this measure¹.

Prepared By: Mark Tygret

Other Considerations

¹For tax year 2014, the tax expenditure of the credits above is as follows: Tuition reimbursement \$0; Employer Compensation \$1,989,000; and Employee Credit \$5,079,000. Source: Oklahoma Tax Commission Tax Expenditure Report 2015-2016; published October 2016.

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