

1 ENGROSSED HOUSE
2 BILL NO. 4072

By: Wallace, Lepak, and Archer
of the House

3 and

4 Haste of the Senate

5
6
7 [revenue and taxation - aerospace industry income
8 tax credit - definition - timing provisions -
9 effective date]
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11

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

13 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.301, is
14 amended to read as follows:

15 Section 2357.301 As used in Sections 2357.301 through 2357.304
16 of this title:

17 1. "Aerospace sector" means a private or public organization
18 located in this state and engaged in the manufacture of aerospace or
19 defense hardware or software, aerospace maintenance, aerospace
20 repair and overhaul, supply of parts to the aerospace industry,
21 provision of services and support relating to the aerospace
22 industry, research and development of aerospace technology and
23 systems and the education and training of aerospace personnel;
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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. Compensation
5 shall not include employer-provided retirement, medical or health-
6 care benefits, reimbursement for travel, meals, lodging or any other
7 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, regardless of the
17 date of hire, employed in this state by or contracting in this state
18 with a qualified employer on or after January 1, 2009, who was not
19 employed in the aerospace sector in this state immediately preceding
20 employment or contracting with a qualified employer, and who has
21 been either:

- 22 a. awarded an undergraduate or graduate degree from a
23 qualified program by an institution, or
24

b. licensed as a Professional Engineer by the State Board of Licensure for Professional Engineers and Land Surveyors pursuant to Section 475.15 of Title 59 of the Oklahoma Statutes.

Provided, the definition shall not be interpreted to exclude any person who was employed in the aerospace sector, but not as a full-time engineer, prior to being awarded an undergraduate or graduate degree from a qualified program by an institution or any person who has been awarded an undergraduate or graduate degree from a qualified program by an institution and is employed by a professional staffing company and assigned to work in the aerospace sector in this state.

Beginning on or after January 1, 2024, the definition shall also not be interpreted to exclude any person (1) who previously qualified and established the credit against the tax imposed pursuant to Section 2355 of this title and becomes employed by a different qualified employer, or (2) who establishes the credit against the tax imposed pursuant to Section 2355 of this title for the first time and becomes employed by a different qualified employer in subsequent years, provided a person in either case has not claimed the credit for the lifetime maximum of five (5) years;

6. "Qualified program" means a program at an institution that includes a graduate or undergraduate program that has been accredited by the Engineering Accreditation Commission of the

1 Accreditation Board for Engineering and Technology (ABET) and that
2 awards an undergraduate or graduate degree. Both the undergraduate
3 and graduate programs of the same discipline of engineering at an
4 institution shall be part of the qualified program if either program
5 is ABET accredited; and

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

10 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2357.304, is
11 amended to read as follows:

12 Section 2357.304 A. Except as provided in subsection D of this
13 section, for taxable years beginning after December 31, 2008, and
14 ending before January 1, 2026, a qualified employee shall be allowed
15 a credit against the tax imposed pursuant to Section 2355 of this
16 title of up to Five Thousand Dollars (\$5,000.00) per tax year for a
17 period of time not to exceed five (5) years during the lifetime of
18 the qualified employee. This credit may be claimed in
19 nonconsecutive tax years.

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

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

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

10 SECTION 3. This act shall become effective November 1, 2024.

11 Passed the House of Representatives the 20th day of February,
12 2024.

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14 _____
15 Presiding Officer of the House
of Representatives

16 Passed the Senate the ____ day of _____, 2024.

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19 Presiding Officer of the Senate