

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 1490

By: Pugh

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Sections 2357.301 and 2357.304, which relate to tax credit for aerospace sector; modifying definition; limiting certain credit claimed for certain number of tax years; authorizing qualified employee to claim credit in nonconsecutive tax years; and providing an effective date.

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

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

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

1. "Aerospace sector" means a private or public organization engaged in the manufacture of aerospace or defense hardware or software, aerospace maintenance, aerospace repair and overhaul, supply of parts to the aerospace industry, provision of services and support relating to the aerospace industry, research and development of aerospace technology and systems and the education and training of aerospace personnel;

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 for the first
21 year in which the credit allowed pursuant to subsection A of Section
22 2357.304 of this title is claimed by the qualified employee, and who
23 has been either:
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- a. awarded an undergraduate or graduate degree from a qualified program by an institution, or
- 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;

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

7. "Tuition" means the average annual amount paid by a qualified employee for enrollment and instruction in a qualified

1 program. Tuition shall not include the cost of books, fees or room
2 and board.

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

5 Section 2357.304. A. Except as provided in subsection D of
6 this section, for taxable years beginning after December 31, 2008,
7 and ending before January 1, 2026, a qualified employee shall be
8 allowed a credit against the tax imposed pursuant to Section 2355 of
9 this title of up to Five Thousand Dollars (\$5,000.00) per tax year
10 ~~for a period of time not to exceed five (5) years. A qualified~~
11 employee allowed to claim the credit allowed pursuant to this
12 subsection shall not claim the credit in more than five (5) tax
13 years; provided, the credit may be claimed in nonconsecutive tax
14 years.

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

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

19 D. 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 3. This act shall become effective November 1, 2024.

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