

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SUBCOMMITTEE RECOMMENDATION
FOR ENGROSSED

SENATE BILL NO. 287

By: Pugh of the Senate

and

Miller and Pae of the House

SUBCOMMITTEE RECOMMENDATION

An Act relating to income tax; amending 68 O.S. 2021, Sections 2357.301, as amended by Section 1, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024, Section 2357.301), 2357.302, 2357.303, and 2357.304, as amended by Section 2, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024, Section 2357.304), which relate to income tax credit for qualified employers and employees in the aerospace sector; modifying definition to include certain institutions of higher education; modifying tax years for which credit may be claimed; 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, as amended by Section 1, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024, 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 located in this state and engaged in the manufacture of aerospace or

1 defense hardware or software, aerospace maintenance, aerospace
2 repair and overhaul, supply of parts to the aerospace industry,
3 provision of services and support relating to the aerospace
4 industry, research and development of aerospace technology and
5 systems and the education and training of aerospace personnel;

6 2. "Compensation" means payments in the form of contract labor
7 for which the payor is required to provide a Form 1099 to the person
8 paid, wages subject to withholding tax paid to a part-time employee
9 or full-time employee or salary or other remuneration. Compensation
10 shall not include employer-provided retirement, medical or health-
11 care benefits, reimbursement for travel, meals, lodging or any other
12 expense;

13 3. "Institution" means an institution within The Oklahoma State
14 System of Higher Education or any other public or private college or
15 university that is accredited by a national accrediting body;

16 4. "Qualified employer" means a sole proprietor, general
17 partnership, limited partnership, limited liability company,
18 corporation, other legally recognized business entity or public
19 entity whose principal business activity involves the aerospace
20 sector, or an institution of higher education within this state that
21 has a research, innovation, and education institute dedicated to
22 aerospace research and technology;

23 5. "Qualified employee" means any person, regardless of the
24 date of hire, employed in this state by or contracting in this state

1 with a qualified employer on or after January 1, 2009, who was not
2 employed in the aerospace sector in this state immediately preceding
3 employment or contracting with a qualified employer, and who has
4 been either:

- 5 a. awarded an undergraduate or graduate degree from a
6 qualified program by an institution, or
- 7 b. licensed as a Professional Engineer by the State Board
8 of Licensure for Professional Engineers and Land
9 Surveyors pursuant to Section 475.15 of Title 59 of
10 the Oklahoma Statutes.

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

19 Provided, the definition of qualified employee for an employee
20 employed or under contract with an institution of higher education
21 within this state that has a research and education institute
22 dedicated to aerospace research and technology only applies to those
23 individuals actively working within the research, innovation, and
24 education institute dedicated to aerospace research and technology.

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

SECTION 2. AMENDATORY 68 O.S. 2021, Section 2357.302, is amended to read as follows:

1 Section 2357.302. A. Except as provided in subsection F of
2 this section, for ~~taxable years beginning after December 31, 2008,~~
3 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a
4 qualified employer shall be allowed a credit against the tax imposed
5 pursuant to Section 2355 of this title for tuition reimbursed to a
6 qualified employee.

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

11 C. The credit authorized by subsection A of this section shall
12 be in the amount of fifty percent (50%) of the tuition reimbursed to
13 a qualified employee for the first through fourth years of
14 employment. In no event shall this credit exceed fifty percent
15 (50%) of the average annual amount paid by a qualified employee for
16 enrollment and instruction in a qualified program at a public
17 institution in Oklahoma.

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

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

23 F. No credit otherwise authorized by the provisions of this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, for
2 which the credit would otherwise be allowable. The provisions of
3 this subsection shall cease to be operative on July 1, 2011.

4 Beginning July 1, 2011, the credit authorized by this section may be
5 claimed for any event, transaction, investment, expenditure or other
6 act occurring on or after July 1, 2011, according to the provisions
7 of this section.

8 SECTION 3. AMENDATORY 68 O.S. 2021, Section 2357.303, is
9 amended to read as follows:

10 Section 2357.303. A. Except as provided in subsection F of
11 this section, for ~~taxable years beginning after December 31, 2008,~~
12 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a
13 qualified employer shall be allowed a credit against the tax imposed
14 pursuant to Section 2355 of this title for compensation paid to a
15 qualified employee.

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

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

22 2. Five percent (5%) of the compensation paid for the first
23 through fifth years of employment in the aerospace sector if the
24

1 qualified employee graduated from an institution located outside
2 this state.

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

6 D. The credit authorized by this section shall not be used to
7 reduce the tax liability of the qualified employer to less than zero
8 (0).

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

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

20 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2357.304, as
21 amended by Section 2, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024,
22 Section 2357.304), is amended to read as follows:

23 Section 2357.304. A. Except as provided in subsection D of
24 this section, for ~~taxable years beginning after December 31, 2008,~~

1 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a
2 qualified employee shall be allowed a credit against the tax imposed
3 pursuant to Section 2355 of this title of up to Five Thousand
4 Dollars (\$5,000.00) per tax year for a period of time not to exceed
5 five (5) years during the lifetime of the qualified employee. This
6 credit may be claimed in nonconsecutive tax years.

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

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

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

20 SECTION 5. This act shall become effective November 1, 2025.

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