HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 4273 By: Miller of the House

and

Rader of the Senate

COMMITTEE SUBSTITUTE

[income tax – credit – employees – aerospace – higher education – 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. 2025, 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 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;

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

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

4. "Qualified employer" means a sole proprietor, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity whose principal business activity involves the aerospace sector<u>, or a four-year institution of higher education with an R1 research designation that has a research, innovation, and education institute dedicated to aerospace research and technology</u>;

5. "Qualified employee" means any person, regardless of the date of hire, employed in this state by or contracting in this state with a qualified employer on or after January 1, 2009, who was not employed in the aerospace sector in this state immediately preceding employment or contracting with a qualified employer, and who has been either:

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.

Provided, the definition of qualified employee for an individual employed or under contract with an institution of higher education located within this state that has an R1 research designation and that has a research and education institute dedicated to aerospace research and technology only applies to those individuals actively working within a research, innovation, and 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. This act shall become effective January 1, 2027.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated 02/25/2026 - DO PASS, As Amended and Coauthored.