

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE  
5 FOR ENGROSSED  
6 SENATE BILL NO. 287

By: Pugh of the Senate

and

Miller and Pae of the House

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9  
10                               COMMITTEE SUBSTITUTE

11               [ income tax - income tax credit - qualified  
12               employers and employees aerospace sector -  
13               institutions of higher education - effective date ]

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15  
16 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

17               SECTION 1.           AMENDATORY           68 O.S. 2021, Section 2357.301, as  
18 amended by Section 1, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024,  
19 Section 2357.301), is amended to read as follows:

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

22               1. "Aerospace sector" means a private or public organization  
23 located in this state and engaged in the manufacture of aerospace or  
24 defense hardware or software, aerospace maintenance, aerospace

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

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

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

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

22 5. "Qualified employee" means any person, regardless of the  
23 date of hire, employed in this state by or contracting in this state  
24 with a qualified employer on or after January 1, 2009, who was not

1 employed in the aerospace sector in this state immediately preceding  
2 employment or contracting with a qualified employer, and who has  
3 been either:

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

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

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

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.

21  
22 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
23 04/17/2025 - DO PASS, As Amended.  
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