

# An Act

ENROLLED HOUSE  
BILL NO. 2509

By: Sears, Denney and Pittman  
of the House

and

Mazzei, Jolley and Brinkley  
of the Senate

An Act relating to revenue and taxation; amending 68 O.S. 2011, Sections 2357.301, 2357.302, 2357.303 and 2357.304, which relate to tax credits for aerospace engineers; modifying definition; modifying reference to taxable years; and providing an effective date.

SUBJECT: Tax credits

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.301, is amended to read as follows:

Section 2357.301 As used in Sections ~~±~~ 2357.301 through ~~4~~ 2357.304 of this ~~act~~ 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;

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;

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 has been awarded an undergraduate or graduate degree from a qualified program by an institution, and who was not employed in the aerospace sector in this state immediately preceding employment or contracting with a qualified employer. 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 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; 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. 2011, Section 2357.302, is amended to read as follows:

Section 2357.302 A. Except as provided in subsection F of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2015~~ 2018, a qualified employer shall be

allowed a credit against the tax imposed pursuant to Section 2355 of this title for tuition reimbursed to a qualified employee.

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

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

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

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

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

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.303, is amended to read as follows:

Section 2357.303 A. Except as provided in subsection F of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2015~~ 2018, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title for compensation paid to a qualified employee.

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

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

2. Five percent (5%) of the compensation paid for the first through fifth years of employment in the aerospace sector if the qualified employee graduated from an institution located outside this state.

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

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

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

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

SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.304, is amended to read as follows:

Section 2357.304 A. Except as provided in subsection D of this section, for taxable years beginning after December 31, 2008, and ending before January 1, ~~2015~~ 2018, a qualified employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title of up to Five Thousand Dollars (\$5,000.00) per year for a period of time not to exceed five (5) years.

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

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

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

SECTION 5. This act shall become effective November 1, 2014.

Passed the House of Representatives the 5th day of March, 2014.

  
Presiding Officer of the House  
of Representatives

Passed the Senate the 3rd day of April, 2014.

  
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

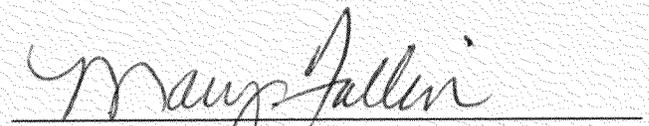
Received by the Office of the Governor this 7<sup>th</sup>

day of April, 20 14, at 3:14 o'clock P M.

By: Audrey Lockwell

Approved by the Governor of the State of Oklahoma this 9<sup>th</sup>

day of April, 20 14, at 3:52 o'clock P M.

  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 9<sup>th</sup>

day of April, 20 14, at 4:56 o'clock P M.

By: Ch. Benze