

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 2, 2021

BILL NUMBER: SB 893 **STATUS AND DATE OF BILL:** Introduced 1/21/2021

AUTHORS: House n/a Senate Pugh

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: Amendatory

SB 893 proposes to amend 68 O.S. §2357.301 relating to the Credit for Employees in the Aerospace Sector and the Credit for Employers in the Aerospace Sector by changing the definition of qualified program, effective for tax years 2021¹ through 2025.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: Unknown decrease in income tax collections.

FY 23: Unknown decrease in income tax collections.

Feb. 3, 2021
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/3/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/5/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

¹ The proposal does not specify a tax year; however, the effective date for the proposal is November 1, 2021.

ATTACHMENT TO REVENUE IMPACT - SB 893 [Introduced] Prepared 2/2/21

SB 893 proposes to amend 68 O.S. §2357.301 relating to the Credit for Employees in the Aerospace Sector and the Credit for Employers in the Aerospace Sector by changing the definition of qualified program² effective for tax years 2021 through 2025.

Under current law, the following income tax credits are allowed for tax years 2009 through 2025:

1. A qualified aerospace employer is allowed an income tax credit for 50% of the tuition reimbursed to a qualified employee for the first through fourth years of employment.
2. A qualified aerospace employer is allowed an income tax credit for compensation paid to a qualified employee for the first through fifth years of employment. The credit is either 10% of compensation paid if the qualified employee graduated from an institution located in Oklahoma, or 5% of compensation paid if the qualified employee graduated from an institution located outside Oklahoma.
3. A qualified employee is allowed an income tax credit of up to \$5,000 per year for a period of time not to exceed 5 years. Any unused credit may be carried over to 5 subsequent taxable years.

The proposal expands the definition of qualified program to mean a program at an institution that includes a graduate or undergraduate program accredited by the Engineering Accreditation Commission of the Accreditation Board of Engineering and Technology (ABET). 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.

The number of additional engineers who may be considered qualified employees for the aerospace employee and employer credits as a result of the proposal is unknown. As a result, an unknown decrease in income tax collections may occur beginning in FY22 when the 2021 income tax returns are filed.

² 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.