

An Act

ENROLLED HOUSE
BILL NO. 4072

By: Wallace, Lepak, Archer and
Alonso-Sandoval of the
House

and

Haste of the Senate

An Act relating to revenue and taxation; amending 68 O.S. 2021, Sections 2357.301 and 2357.304, which relate to the aerospace industry income tax credit; modifying definition; clarifying definition to not exclude certain persons; modifying timing provisions of the credit; and providing an effective date.

SUBJECT: Revenue and taxation

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

SECTION 1. AMENDATORY 68 O.S. 2021, 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;

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.

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 2357.304, 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, 2026, 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 tax year for a period of time not to exceed five (5) years during the lifetime of the qualified employee. This credit may be claimed in nonconsecutive tax 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 3. This act shall become effective November 1, 2024.

Passed the House of Representatives the 8th day of May, 2024.

Presiding Officer of the House
of Representatives

Passed the Senate the 22nd day of April, 2024.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.

By: _____