

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL 1490

6 By: Pugh

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax; amending 68 O.S. 2021,  
9 Sections 2357.301 and 2357.304, which relate to tax  
10 credit for aerospace sector; modifying definitions;  
11 limiting certain credit claimed for certain number of  
12 tax years; authorizing qualified employee to claim  
13 credit in nonconsecutive tax years; updating  
14 statutory language; and providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.301, is  
17 amended to read as follows:

18 Section 2357.301. As used in Sections 2357.301 through 2357.304  
19 of this title:

20 1. "Aerospace sector" means a private or public organization  
21 located in this state and engaged in the manufacture of aerospace or  
22 defense hardware or software, aerospace maintenance, aerospace  
23 repair and overhaul, supply of parts to the aerospace industry,  
24 provision of services and support relating to the aerospace

1 industry, research and development of aerospace technology and  
2 systems and the education and training of aerospace personnel;

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

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

13 4. "Qualified employer" means a sole proprietor, general  
14 partnership, limited partnership, limited liability company,  
15 corporation, other legally recognized business entity or public  
16 entity whose principal business activity involves the aerospace  
17 sector;

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

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

7 Provided, the definition shall not be interpreted to exclude any  
8 person who was employed in the aerospace sector, but not as a full-  
9 time engineer, prior to being awarded an undergraduate or graduate  
10 degree from a qualified program by an institution or any person who  
11 has been awarded an undergraduate or graduate degree from a  
12 qualified program by an institution and is employed by a  
13 professional staffing company and assigned to work in the aerospace  
14 sector in this state. The definition shall also not be interpreted  
15 to exclude any person who previously qualified and established the  
16 credit against the tax imposed pursuant to Section 2355 of this  
17 title and became employed by a different qualified employer, or who  
18 establishes the credit against the tax imposed pursuant to Section  
19 2355 of this title for the first time and becomes employed by a  
20 different qualified employer in subsequent years, provided a person  
21 in either case has not claimed the credit for the lifetime maximum  
22 of five (5) years;

23 6. "Qualified program" means a program at an institution that  
24 includes a graduate or undergraduate program that has been

1 accredited by the Engineering Accreditation Commission of the  
2 Accreditation Board for Engineering and Technology (ABET) and that  
3 awards an undergraduate or graduate degree. Both the undergraduate  
4 and graduate programs of the same discipline of engineering at an  
5 institution shall be part of the qualified program if either program  
6 is ABET accredited; and

7 7. "Tuition" means the average annual amount paid by a  
8 qualified employee for enrollment and instruction in a qualified  
9 program. Tuition shall not include the cost of books, fees or room  
10 and board.

11 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2357.304, is  
12 amended to read as follows:

13 Section 2357.304. A. Except as provided in subsection D of  
14 this section, for taxable years beginning after December 31, 2008,  
15 and ending before January 1, 2026, a qualified employee shall be  
16 allowed a credit against the tax imposed pursuant to Section 2355 of  
17 this title of up to Five Thousand Dollars (\$5,000.00) per tax year  
18 for a period of time not to exceed five (5) years during the  
19 lifetime of the qualified employee. The credit may be claimed in  
20 nonconsecutive tax years.

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

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

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

10 SECTION 3. This act shall become effective November 1, 2024.

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