

# An Act

ENROLLED HOUSE  
BILL NO. 3239

By: McNeil, Banz, Jackson,  
Pittman, Shannon, Dorman,  
Shumate, Proctor and Tibbs  
of the House

and

Corn, Johnson (Constance),  
Sparks and Mazzei of the  
Senate

An Act relating to aerospace; defining terms; providing for tax credit for certain tuition reimbursements; limiting amount of credit; prohibiting use of credit to reduce tax liability below a certain amount; providing maximum number of years to claim tax credit; providing tax credit for compensation to certain employees; providing maximum annual amount of credit; prohibiting use of credit to reduce tax liability below a certain amount; providing maximum number of taxable years for which credit can be claimed; providing tax credit for certain employees; providing maximum amount of credit; imposing maximum number of taxable years for which credit claimed; prohibiting use of credit to reduce tax liability below a certain amount; authorizing carryover for certain number of years; amending Section 1, Chapter 263, O.S.L. 2006 (74 O.S. Supp. 2007, Section 5060.3a), as amended by Section 1 of Enrolled House Bill No. 3098 of the 2nd Session of the 51st Oklahoma Legislature and as renumbered by Section 2 of Enrolled House Bill No. 3098 of the 2nd Session of the 51st Oklahoma Legislature, which relates to the Aerospace Development Act of 2008; authorizing the Oklahoma Aeronautics Commission to employ certain program processes and to contract with certain qualified entities; providing for codification; and providing effective dates.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.301 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in Sections 1 through 4 of this act:

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 employed by or contracting 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;

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. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.302 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2008, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes 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.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.303 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2008, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes 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.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.304 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2008, a qualified employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes 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.

SECTION 5. AMENDATORY Section 1, Chapter 263, O.S.L. 2006 (74 O.S. Supp. 2007, Section 5060.3a), as amended by Section 1 of Enrolled House Bill No. 3098 of the 2nd Session of the 51st Oklahoma Legislature and as renumbered by Section 2 of Enrolled

House Bill No. 3098 of the 2nd Session of the 51st Oklahoma Legislature, is amended to read as follows:

Section 1. A. This act shall be known and may be cited as the "Aerospace Development Act of 2008".

B. There is hereby created within the Oklahoma Aeronautics Commission, the Center for Aerospace Supplier Quality (CASQ), and the Oklahoma Aerospace Institute (OAI) whose purpose shall be to create a partnership of service providers to more effectively respond to the needs of the aerospace industry in the areas of education and training, research, and economic development. The CASQ and OAI will focus available resources to promote cooperation and collaboration among businesses, manufacturers, military installations, commercial aviation, educational institutions, nonprofit research institutions, and state government for the purpose of strengthening the economy of the State of Oklahoma. Contingent upon the availability of funds, ~~OCAST~~ the Oklahoma Aeronautics Commission may employ established program processes or may contract with other qualified entities to operate the CASQ and the OAI.

C. The CASQ is designed to serve as a conduit between Oklahoma's military installations and aerospace industry to promote quick response to opportunities that will:

1. Increase Department of Defense contracts with Oklahoma aerospace companies and contracts between Oklahoma aerospace companies and prime contractors in the aerospace and defense industries;
2. Create and retain more high-wage, high-skill jobs;
3. Strengthen collaborations between businesses and aerospace interests;
4. Reduce the flow of federal defense contract dollars to out-of-state businesses;
5. Expand the aerospace industry in Oklahoma;
6. Provide engineering and technical assistance;
7. Provide more manufacturing sources for Oklahoma military installations and the aerospace industry; and

8. Reduce costs and increase competitiveness for Oklahoma military installations and the aerospace industry.

D. In order to streamline the use of resources with the goal of eliminating duplication of efforts, the OAI shall act as a clearinghouse of information and activities concerning the aerospace industry. The OAI will provide a focal point to coordinate the plans and activities of state agencies, task forces, departments, boards, commissions, and other entities that have responsibilities or duties regarding the aerospace industry with the goal of eliminating duplication of effort.

E. The OAI shall create a partnership of education and training providers to meet the specific needs of the aerospace industry to build a credentialed work force for the future. Participating educational institutions shall act cooperatively to create complementary activities.

F. The OAI shall include a center for applied research and will primarily undertake applied research, development and technology transfer that have long-term potential for commercial development. The center shall build upon institutional strengths and conduct activity in areas of research in which the participating research institutions and businesses have achieved or have true promise of attaining a standard of excellence in applied research and development.

G. The OAI shall support and foster the growth of the aerospace industry. The OAI shall acquire aerospace executive expertise and provide consulting services to the aerospace industry, government agencies and organizations across the State of Oklahoma in order to strengthen the policy framework, economic development initiatives and activities of the state.

H. The OAI may accept funding that includes, but is not limited to:

1. Monetary contributions;
2. Contractual arrangements;
3. In-kind services;
4. Federal- and state-appropriated dollars;

5. Private and public foundation grants; and

6. Fee-for-service products.

SECTION 6. Sections 1 through 4 of this act shall become effective January 1, 2009.

SECTION 7. Section 5 of this act shall become effective November 1, 2008.

Passed the House of Representatives the 22nd day of May, 2008.

David Deery  
Presiding Officer of the House of  
Representatives

Passed the Senate the 22nd day of May, 2008.

Susan Paddock  
Presiding Officer of the Senate

**OFFICE OF THE GOVERNOR**

Received by the Governor this 23<sup>rd</sup>  
day of May, 2008,  
at 2:00 o'clock P M.

By: [Signature]

Approved by the Governor of the State of Oklahoma the 3<sup>rd</sup> day of  
June, 2008, at 6:55 o'clock P M.

[Signature]  
Governor of the State of Oklahoma

**OFFICE OF THE SECRETARY OF STATE**

Received by the Secretary of State this \_\_\_\_\_  
6<sup>th</sup> day of June, 2008  
at 12:40 o'clock P M.

By: M. Susan Love