



Oklahoma Aeronautics Commission

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NEWS RELEASE

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House and Senate Pass Bills to Help Bolster State's Aerospace Industry

OKLAHOMA CITY – Two bills designed to bolster Oklahoma's burgeoning aerospace industry have been approved this week by legislators from both the House and Senate.

Tuesday morning in the House, lawmakers by a vote of 76-22 passed Senate Bill 1171, the Senate's version of the Aerospace Industry Engineer Work Force Bill by Sen. Mike Mazzei and Rep. Mike Jackson, after the House approved an amendment that made it mirror the House version – HB 3239. HB 3239 overwhelmingly passed both chambers earlier this month.

HB 3239 by Rep. Skye McNeil and Sen. Kenneth Corn grants any engineer hired after Jan. 1, 2009, by an Oklahoma aerospace company a state tax credit of up to \$5,000 per year for a period of time not to exceed five years. SB 1171 provided the same tax credit but only for new engineering graduates.

HB 3239 also allows aerospace companies a tax credit of 10 percent for compensation paid to a qualified graduate during the first five years of his or her employment if the employee graduated from an in-state college or university or a tax credit of 5 percent if the employee graduated from an out-of-state college or university. It also affords Oklahoma aerospace companies a tax credit in the amount of 50 percent of the tuition reimbursed to a new engineer graduate for the first four years of his or her employment. The tax credit would be based upon the average annual tuition at a public university in Oklahoma, which is currently about \$3,600. The maximum tax credit a company would be able to take is \$1,800.

Before the latest amendment, SB 1171 provided no incentives for Oklahoma aerospace companies that hired new engineers.

There are still some differences between SB 1171 and HB 3239, so they will both be considered in a conference committee comprised of senators and representatives for the purpose of reconciling.

"Having enough qualified engineers in Oklahoma is vital to the continued growth and viability of our state's aerospace industry," said Jackson. "They are a major reason why our industry is so successful here in Oklahoma because they keep our industry on the cutting edge and in the vanguard. It's important that Oklahoma offer the most attractive incentives we can that will encourage engineers to remain in the state but also attract engineers from outside the state."

The U.S. aerospace industry is currently facing a substantial shortage of engineers and the situation will get much worse in the next few years when an estimated 60,000 to 68,000 aerospace and defense industry engineers are expected to retire. In Oklahoma alone, an additional 600 to 650 engineers will be needed by the year 2013.

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Oklahoma Aeronautics Commission Director Victor Bird pointed out that HB 3239 would not require any expenditure of state funds and that it would result in an estimated \$163 million economic impact in the state the first year alone.

"It's certainly a win-win situation for the state. Not only do we get more engineers in the state, but the state gets an enormous return on its investment," Bird said.

On Monday by a 47-0 vote, the Senate approved HB 3098, the Aerospace Development Act of 2008. Authored by Rep. Gary Banz and Sen. Cliff Aldridge, the bill transfers two programs – the Center for Aerospace Supplier Quality (CASQ) and the Oklahoma Aerospace Institute (OAI) – from the Oklahoma Center for the Advancement of Science and Technology to the Oklahoma Aeronautics Commission.

CASQ provides procurement expertise and advice to mainly small- and medium-sized companies in Oklahoma that want to effectively compete for the estimated \$5 billion worth of Department of Defense contracts awarded annually in Oklahoma, especially from Tinker Air Force Base. In the past, Oklahoma companies have only received an average of approximately 10 percent, or \$500 million, of that \$5 billion total.

"We're already seeing some positive results because of CASQ as more Oklahoma companies are winning contracts from DoD and Tinker," Aldridge said. "CASQ will help Oklahoma increase and retain jobs associated with the aerospace industry, one of our state's top employers."

Bird said it is only fitting that Oklahoma is receiving more federal contracts out of Tinker since the state is recognized worldwide for its expertise in maintaining, repairing and overhauling both military and commercial aircraft.

"We are one of the seven centers in the world for the MRO of aircraft," he said, noting that Tinker Air Force Base is the DoD's largest military aircraft repair facility and the American Airlines Maintenance and Engineering Center in Tulsa is the largest commercial aircraft repair facility in the world.

"We keep 'em flying here in Oklahoma," Bird said.

The OAI encourages and promotes communication, collaboration and cooperation among Oklahoma aerospace companies and Oklahoma universities, colleges, school districts, career technology centers and agencies. It also creates a program for applied research that undertakes applied research, development and technology transfer and helps Oklahoma aerospace companies introduce new, cutting-edge products and services to the marketplace.

HB 3098, which also represents an attempt to secure a steady stream of funding for these programs from the state Legislature, next heads to conference committee.

Oklahoma's aerospace and aviation industry yields an industrial output of \$12.5 billion annually for the state and is one of the state's top employers, resulting in more than 150,000 direct and indirect jobs around the state and an annual payroll of \$5 billion. One in 10 Oklahomans derive their income from the aerospace and aviation industry. The average salary of an employee in the aerospace industry is \$54,719 compared to about \$30,000 for the average Oklahoman.

The mission of the Oklahoma Aeronautics Commission is to promote aviation, which includes fostering the growth of the aerospace industry and ensuring that the needs of commerce and communities across the state are met by the state's 114 public airports that comprise the Oklahoma Airport System.