



Oklahoma Aeronautics Commission

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NEWS RELEASE

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Officials Tout Engineer Bill as Key to Ensuring Aerospace's Growth in the State

OKLAHOMA CITY – Oklahoma has just sent a loud and clear message to the rest of the nation: Don't mess with its aerospace industry, especially when it comes to jobs and growth.

Late last Thursday, the Oklahoma Senate gave final approval for HB 3239, the Aerospace Industry Engineer Work Force Bill, which provides tax credits to engineers and to the companies that hire them. The House had already approved the measure earlier in the day. The bill is now on its way to Gov. Brad Henry.

Under the bill, engineers who are hired after Jan. 1, 2009, by an Oklahoma aerospace company will receive a tax credit of up to \$5,000 for a period of time not to exceed five years. The companies that hire those engineers will also get a tax credit equal to 10 percent of the compensation paid to an engineer during the first five years of his or her employment if the engineer graduated from an Oklahoma college or 5 percent if the employee graduated from a college outside Oklahoma.

In addition, HB 3239 also grants 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. This tax credit is limited to 50 percent of the average annual tuition paid by an engineer at a public university in Oklahoma.

"This is truly exciting for the state's aerospace industry, one of Oklahoma's top employers and one of the four pillars of our economy," said Victor Bird, director of the Oklahoma Aeronautics Commission, the state agency responsible for ensuring the growth of the industry in Oklahoma. "The success of the industry can be traced to our tremendous work force, and it is engineers who keep the aerospace industry on the cutting edge."

Rep. Skye McNeil, House author for HB 3239, said that the state of Oklahoma has been playing catch up for way too long with other states whose legislatures have recently stepped up to the plate to help ensure the growth for their respective aerospace industries.

"That day is long gone because Oklahoma has hit a home run with House Bill 3239. We mean business and we are going to do whatever it takes to successfully compete for jobs and ensure the viability of our aerospace industry," McNeil said.

State and industry leaders have fought for a bill the last two years that would help attract more engineers to the aerospace industry. In fact, the Legislature passed a similar bill in 2007 similar to HB 3239 that would have done just that. But the bill failed to make it out of conference committee after lawmakers could not agree on an omnibus bill that would have included it and other tax credit measures.

Sen. Kenneth Corn, the bill's Senate author, said the legislation is a critical piece of the puzzle for Oklahoma if it expects to compete in the global economy.

"Right now in our state, we are experiencing a severe shortage of engineers in the aerospace industry, which could have gotten much worse if we had not passed this bill. Now we can provide incentives to not only encourage more

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young people in Oklahoma to go into engineering but also attract engineers from other states who may have never even considered coming here to work," Corn said.

In a report published in 2007, Oklahoma's aerospace industry was expected to see a shortage of up to 650 engineers by the year 2013. Officials say that now that the state has such a meaningful incentive to attract more engineers to the Sooner State, other states are now taking notice.

"Our state's aerospace industry is way too important to allow other state's to gain a competitive advantage over us," said Rep. Mike Jackson, chairman of the House Aerospace and Technology Subcommittee. "I understand that this piece of legislation may be quite unique across the nation. Other states such as Kansas, Washington and Georgia have already passed legislation this year to incentivize their respective aerospace sectors but nothing as far reaching as HB 3239."

Sen. Mike Mazzei, chair of the Senate Finance Committee and whose support was instrumental in getting HB 3239 passed late in the session, echoed Jackson's comments.

"We're proud of the final bill and are confident that Oklahoma will reap tremendous benefits from it both in the short term and long term. Our state shouldn't play second fiddle to anyone when it comes to aerospace," Mazzei said.

NORDAM in Tulsa and The Boeing Company in Oklahoma City are two aerospace companies out of several in the state that are expected to benefit immediately from HB 3239. Others include American Airlines, Flight Safety International and Spirit AeroSystems in Tulsa as well as ARINC, Northrop Grumman and Tinker Air Force Base, the state's largest single-site employer, in Oklahoma City.

Those companies together employ a large number of engineers and are currently scrambling to find enough engineers to keep up with demand. Company officials say they expect to hire 210 engineers annually, which is estimated to have an annual economic impact of \$163 million in the state.

"The state's aerospace industry takes a back seat to no one," NORDAM Chairman and CEO Ken Lackey said. "By providing the kinds of incentives contained in House Bill 3239, our industry is poised to make even bigger strides on the global marketplace and continue its successes well into the 21st century."

Ben Robinson, Boeing's Oklahoma City site director, said, "This legislation says Oklahoma is the place to get a quality aerospace education, find aerospace jobs and to do aerospace business."

Robinson pointed to education as a way to build intellectual capital that is necessary to keep the state's aerospace industry growing and prospering. HB 3239 will help pave the way in that regard, he said.

Bird reiterated that HB 3239 does not require any state appropriation, which is important given the fact Oklahoma will have a stand-still budget next fiscal year.

The aerospace industry is arguably Oklahoma's largest employer, resulting in almost 150,000 direct and indirect jobs (One in 10 Oklahomans) and a \$5 billion annual payroll. It also generates an industrial output of \$12.5 billion annually. The average salary for an Oklahoman employed in the aerospace industry is about \$55,000; the salary for the average Oklahoman is about \$30,000.

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.