



Oklahoma Aeronautics Commission

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NEWS RELEASE

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Engineer Work Force Bills for Aerospace Industry Pass Committees

OKLAHOMA CITY – On a day which many Oklahomans devote to playing practical jokes on family, friends and co-workers, state lawmakers passed two pieces of legislation today that are no laughing matter when it comes to ensuring the growth of the state's aerospace industry.

In this morning's Senate Finance Committee meeting, House Bill 3239 by Skye McNiel in the House and Kenneth Corn in the Senate received a "do-pass" vote by a count of 9-3.

HB 3239, which has often been referred to as the "Aerospace Industry Engineer Work Force Bill," provides tax credits to engineers who go to work for an Oklahoma aerospace company after Jan. 1, 2009. It also affords tax credits for the companies that hire those graduates.

Specifically, HB 3239 grants engineers a tax credit of up to \$5,000 per year for a period of time not to exceed five years. It 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.

In addition to the tax credits noted above, HB 3239 affords Oklahoma aerospace companies an opportunity to receive 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.

HB 3239 now moves on to the full Senate for consideration.

"Intellectual capital is critical to the viability and growth of our state's aerospace industry," Oklahoma Aeronautics Commission Director Victor Bird said. "This legislation will help put Oklahoma on a more-level playing field with other states such as Washington, Georgia and Kansas which have recently enacted legislation designed to grow their respective aerospace industries."

Sen. Corn added that the U.S. aerospace industry is facing a serious shortage of engineers which will have a trickle down effect in Oklahoma.

"Between 60,000 and 68,000 aerospace and defense industry engineers are expected to retire by the year 2010 across our nation. Even with modest growth within the industry, there will be shortages of between 41,000 and 87,000 engineers," said Corn, who noted that Oklahoma will experience a shortage of its own of 600 to 650 engineers by 2013.

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“We must incentivize people to pursue engineering and to stay in or come to Oklahoma to work for an Oklahoma aerospace company. In a very real sense, we are in a fight on the world stage to keep the industry we have and, hopefully, foster its growth.”

Over on the House side, members of the Revenue and Taxation Subcommittee approved a bill that is also designed to attract more engineers into the state's aerospace industry. Senate Bill 1171 by Mike Mazzei in the Senate and Mike Jackson in the House provides a \$5,000 tax credit for up to five years to a new engineer who is awarded an undergraduate or graduate degree after December 31, 2008, and goes to work for an Oklahoma aerospace company. There are no tax credits for aerospace companies that hire those engineering graduates, however.

SB 1171 received a "do-pass" by a vote of 6-0. It will now move on to the House Appropriations and Budget Committee.

Oklahoma's aerospace industry is one of the state's largest employers, resulting in approximately 150,000 direct, indirect and induced jobs statewide. The industry yields an annual industrial output of \$12.5 billion and generates an annual payroll of \$5 billion.

One in 10 Oklahomans derive their income from the aerospace industry and the average salary for an employee in the industry is nearly \$55,000, compared to the overall state average of \$29,000. Oklahoma is one of seven centers in the world for the modification, maintenance, repair and overhaul of aircraft.

“The reason for the industry's success is a skilled and credentialed work force, particularly engineers, who keep the U.S. and Oklahoma aerospace industries on the cutting edge and in demand,” Rep. Jackson said.

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.