



BILL/VERSION:	SB 296 / INTRODUCED	ANALYST: TB
AUTHORS:	Sen. Pugh	DATE: 1/13/2025
TAX(ES):	Income Tax	
SUBJECT(S):	Credit	
EFFECTIVE DATE:	Nov. 1, 2025	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:
FY26: Unknown decrease in income tax collections.

ANALYSIS: Senate Bill 296 proposes amendments to 68 O.S. §§ 2357.301(4), 2357.303(A), and 2357.304(A), expanding the eligibility for aerospace tax credits¹ to include instructor pilots for tax year 2025.

The bill provides that an instructor pilot is eligible for the employee credit and the employer of an instructor pilot is eligible for the employer compensation credit². An instructor pilot is defined as an individual licensed as a Certified Flight Instructor by the Federal Aviation Administration and employed in Oklahoma under a federal contract to provide live or simulator-based flight instruction. There are no educational requirements for instructor pilots.

According to the FAA, there were 1,477 flight instructors in Oklahoma as of December 30, 2022. However, it is unclear how many instructor pilots would meet the specific eligibility criteria outlined in the bill. As a result, an unknown decrease in income tax collections is expected when the 2025 income tax returns are filed in FY26.

ADMINISTRATIVE CONCERNS: The bill does not explicitly clarify how the employer compensation credit is calculated for instructor pilots. There are no educational requirements for instructor pilots; therefore, it is unknown whether the employer is eligible for the 5% or 10% credit.

¹ The aerospace income tax credits are set to expire in 2026.

² Employers of Instructor pilots, as defined in SB 296, do not qualify for the tuition reimbursement credit.

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The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.



Under current law, there are three aerospace related income tax credits:

1. A tuition reimbursement income tax credit is allowed for a qualified employer in the aerospace sector for tuition reimbursement to a qualified employee. The amount of the credit is 50% of the tuition reimbursed to a *qualified employee* for the first through fourth years of employment.
2. An employer compensation income tax credit is allowed for a qualified employer in the aerospace for compensation paid to a *qualified employee*. The amount of the credit is 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 5% if the qualified employee graduated from an institution located outside this state. The credit cannot exceed \$12,500 for each qualified employee annually.
3. An employee income tax credit is allowed for a *qualified employee* in the aerospace sector of up to \$5,000 per year for a period of time not to exceed five years. Any credit claimed, but not used, may be carried over up to five subsequent taxable years.