

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 SENATE BILL NO. 287

By: Pugh of the Senate

and

6 Miller and Pae of the House

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10  
11 COMMITTEE SUBSTITUTE

12 [ income tax - income tax credit - qualified  
13 employers and employees aerospace sector -  
14 institutions of higher education - effective date ]

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

19 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.301, as  
20 amended by Section 1, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024,  
21 Section 2357.301), is amended to read as follows:

22 Section 2357.301. As used in Sections 2357.301 through 2357.304  
23 of this title:

1        1. "Aerospace sector" means a private or public organization  
2 located in this state and engaged in the manufacture of aerospace or  
3 defense hardware or software, aerospace maintenance, aerospace  
4 repair and overhaul, supply of parts to the aerospace industry,  
5 provision of services and support relating to the aerospace  
6 industry, research and development of aerospace technology and  
7 systems and the education and training of aerospace personnel;

8        2. "Compensation" means payments in the form of contract labor  
9 for which the payor is required to provide a Form 1099 to the person  
10 paid, wages subject to withholding tax paid to a part-time employee  
11 or full-time employee or salary or other remuneration. Compensation  
12 shall not include employer-provided retirement, medical or health-  
13 care benefits, reimbursement for travel, meals, lodging or any other  
14 expense;

15        3. "Institution" means an institution within The Oklahoma State  
16 System of Higher Education or any other public or private college or  
17 university that is accredited by a national accrediting body;

18        4. "Qualified employer" means a sole proprietor, general  
19 partnership, limited partnership, limited liability company,  
20 corporation, other legally recognized business entity or public  
21 entity whose principal business activity involves the aerospace  
22 sector, or an institution of higher education within this state that  
23 has a research, innovation, and education institute dedicated to  
24 aerospace research and technology;

1 5. "Qualified employee" means any person, regardless of the  
2 date of hire, employed in this state by or contracting in this state  
3 with a qualified employer on or after January 1, 2009, who was not  
4 employed in the aerospace sector in this state immediately preceding  
5 employment or contracting with a qualified employer, and who has  
6 been either:

- 7 a. awarded an undergraduate or graduate degree from a  
8 qualified program by an institution, or
- 9 b. licensed as a Professional Engineer by the State Board  
10 of Licensure for Professional Engineers and Land  
11 Surveyors pursuant to Section 475.15 of Title 59 of  
12 the Oklahoma Statutes.

13 Provided, the definition shall not be interpreted to exclude any  
14 person who was employed in the aerospace sector, but not as a full-  
15 time engineer, prior to being awarded an undergraduate or graduate  
16 degree from a qualified program by an institution or any person who  
17 has been awarded an undergraduate or graduate degree from a  
18 qualified program by an institution and is employed by a  
19 professional staffing company and assigned to work in the aerospace  
20 sector in this state.

21 Provided, the definition of qualified employee for an employee  
22 employed or under contract with an institution of higher education  
23 within this state that has a research and education institute  
24 dedicated to aerospace research and technology only applies to those

1 individuals actively working within the research, innovation, and  
2 education institute dedicated to aerospace research and technology.

3 Beginning on or after January 1, 2024, the definition shall also  
4 not be interpreted to exclude any person (1) who previously  
5 qualified and established the credit against the tax imposed  
6 pursuant to Section 2355 of this title and becomes employed by a  
7 different qualified employer, or (2) who establishes the credit  
8 against the tax imposed pursuant to Section 2355 of this title for  
9 the first time and becomes employed by a different qualified  
10 employer in subsequent years, provided a person in either case has  
11 not claimed the credit for the lifetime maximum of five (5) years;

12 6. "Qualified program" means a program at an institution that  
13 includes a graduate or undergraduate program that has been  
14 accredited by the Engineering Accreditation Commission of the  
15 Accreditation Board for Engineering and Technology (ABET) and that  
16 awards an undergraduate or graduate degree. Both the undergraduate  
17 and graduate programs of the same discipline of engineering at an  
18 institution shall be part of the qualified program if either program  
19 is ABET accredited; and

20 7. "Tuition" means the average annual amount paid by a  
21 qualified employee for enrollment and instruction in a qualified  
22 program. Tuition shall not include the cost of books, fees or room  
23 and board.

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1 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2357.302, is  
2 amended to read as follows:

3 Section 2357.302. A. Except as provided in subsection F of  
4 this section, for ~~taxable years beginning after December 31, 2008,~~  
5 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a  
6 qualified employer shall be allowed a credit against the tax imposed  
7 pursuant to Section 2355 of this title for tuition reimbursed to a  
8 qualified employee.

9 B. The credit authorized by subsection A of this section may be  
10 claimed only if the qualified employee has been awarded an  
11 undergraduate or graduate degree within one (1) year of commencing  
12 employment with the qualified employer.

13 C. The credit authorized by subsection A of this section shall  
14 be in the amount of fifty percent (50%) of the tuition reimbursed to  
15 a qualified employee for the first through fourth years of  
16 employment. In no event shall this credit exceed fifty percent  
17 (50%) of the average annual amount paid by a qualified employee for  
18 enrollment and instruction in a qualified program at a public  
19 institution in Oklahoma.

20 D. The credit authorized by subsection A of this section shall  
21 not be used to reduce the tax liability of the qualified employer to  
22 less than zero (0).

23 E. No credit authorized by this section shall be claimed after  
24 the fourth year of employment.

1 F. No credit otherwise authorized by the provisions of this  
2 section may be claimed for any event, transaction, investment,  
3 expenditure or other act occurring on or after July 1, 2010, for  
4 which the credit would otherwise be allowable. The provisions of  
5 this subsection shall cease to be operative on July 1, 2011.  
6 Beginning July 1, 2011, the credit authorized by this section may be  
7 claimed for any event, transaction, investment, expenditure or other  
8 act occurring on or after July 1, 2011, according to the provisions  
9 of this section.

10 SECTION 3. AMENDATORY 68 O.S. 2021, Section 2357.303, is  
11 amended to read as follows:

12 Section 2357.303. A. Except as provided in subsection F of  
13 this section, for ~~taxable years beginning after December 31, 2008,~~  
14 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a  
15 qualified employer shall be allowed a credit against the tax imposed  
16 pursuant to Section 2355 of this title for compensation paid to a  
17 qualified employee.

18 B. The credit authorized by subsection A of this section shall  
19 be in the amount of:

20 1. Ten percent (10%) of the compensation paid for the first  
21 through fifth years of employment in the aerospace sector if the  
22 qualified employee graduated from an institution located in this  
23 state; or  
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1           2. Five percent (5%) of the compensation paid for the first  
2 through fifth years of employment in the aerospace sector if the  
3 qualified employee graduated from an institution located outside  
4 this state.

5           C. The credit authorized by this section shall not exceed  
6 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified  
7 employee annually.

8           D. The credit authorized by this section shall not be used to  
9 reduce the tax liability of the qualified employer to less than zero  
10 (0).

11           E. No credit authorized pursuant to this section shall be  
12 claimed after the fifth year of employment.

13           F. No credit otherwise authorized by the provisions of this  
14 section may be claimed for any event, transaction, investment,  
15 expenditure or other act occurring on or after July 1, 2010, for  
16 which the credit would otherwise be allowable. The provisions of  
17 this subsection shall cease to be operative on July 1, 2011.  
18 Beginning July 1, 2011, the credit authorized by this section may be  
19 claimed for any event, transaction, investment, expenditure or other  
20 act occurring on or after July 1, 2011, according to the provisions  
21 of this section.

22           SECTION 4.           AMENDATORY           68 O.S. 2021, Section 2357.304, as  
23 amended by Section 2, Chapter 313, O.S.L. 2024 (68 O.S. Supp. 2024,  
24 Section 2357.304), is amended to read as follows:

1 Section 2357.304. A. Except as provided in subsection D of  
2 this section, for ~~taxable years beginning after December 31, 2008,~~  
3 ~~and ending before January 1, 2026~~ tax years 2009 through 2031, a  
4 qualified employee shall be allowed a credit against the tax imposed  
5 pursuant to Section 2355 of this title of up to Five Thousand  
6 Dollars (\$5,000.00) per tax year for a period of time not to exceed  
7 five (5) years during the lifetime of the qualified employee. This  
8 credit may be claimed in nonconsecutive tax years.

9 B. The credit authorized by this section shall not be used to  
10 reduce the tax liability of the taxpayer to less than zero (0).

11 C. Any credit claimed, but not used, may be carried over, in  
12 order, to each of the five (5) subsequent taxable years.

13 D. No credit otherwise authorized by the provisions of this  
14 section may be claimed for any event, transaction, investment,  
15 expenditure or other act occurring on or after July 1, 2010, for  
16 which the credit would otherwise be allowable. The provisions of  
17 this subsection shall cease to be operative on July 1, 2011.  
18 Beginning July 1, 2011, the credit authorized by this section may be  
19 claimed for any event, transaction, investment, expenditure or other  
20 act occurring on or after July 1, 2011, according to the provisions  
21 of this section.

22 SECTION 5. This act shall become effective November 1, 2025.

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