

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 2961

By: Wallace of the House

5 and

6 Thompson of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2011, Section 2370, as amended by Section 1,
13 Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2020, Section
14 2370), which relates to taxes in lieu of income tax
15 for certain entities; modifying rate of tax; and
16 providing an effective date.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2370, as
19 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2020,
20 Section 2370), is amended to read as follows:

21 Section 2370. A. For taxable years beginning after December
22 31, ~~1989~~ 2021, for the privilege of doing business within this
23 state, every state banking association, national banking association
24 and credit union organized under the laws of this state, located or

1 doing business within the limits of the State of Oklahoma shall
2 annually pay to this state a privilege tax at the rate of ~~six~~
3 ~~percent (6%)~~ four percent (4%) of the amount of the taxable income
4 as provided in this section.

5 B. 1. The privilege tax levied by this section shall be in
6 addition to the Business Activity Tax levied in Section 1218 of this
7 title and the franchise tax levied in Article 12 of this title and
8 in lieu of the tax levied by Section 2355 of this title and in lieu
9 of all taxes levied by the State of Oklahoma, or any subdivision
10 thereof, upon the shares of stock or personal property of any
11 banking association or credit union subject to taxation under this
12 section.

13 2. Nothing in this section shall be construed to exempt the
14 real property of any banking associations or credit unions from
15 taxation to the same extent, according to its value, as other real
16 property is taxed. Nothing herein shall be construed to exempt an
17 association from payment of any fee or tax authorized or levied
18 pursuant to the banking laws.

19 3. Personal property which is subject to a lease agreement
20 between a bank or credit union, as lessor, and a nonbanking business
21 entity or individual, as lessee, is not exempt from personal
22 property ad valorem taxation. Provided further, that it shall be
23 the duty of the lessee of such personal property to return sworn
24 lists or schedules of their taxable property within each county to

1 the county assessor of such county as provided in Sections 2433 and
2 2434 of this title.

3 C. Any tax levied under this section shall accrue on the last
4 day of the taxable year and be payable as provided in Section 2375
5 of this title. The accrual of such tax for the first taxable year
6 to which this act applies, shall apply notwithstanding the prior
7 accrual of a tax in the same taxable year based upon the net income
8 of the next preceding taxable year; provided, however, any
9 additional deduction enuring to the benefit of the taxpayer shall be
10 deducted in accordance with the optional transitional deduction
11 procedures in Section 2354 of this title.

12 D. The basis of the tax shall be United States taxable income
13 as defined in paragraph 10 of Section 2353 of this title and any
14 adjustments thereto under the provisions of Section 2358 of this
15 title with the following adjustments:

16 1. There shall be deducted all interest income on obligations
17 of the United States government and agencies thereof not otherwise
18 exempted and all interest income on obligations of the State of
19 Oklahoma or political subdivisions thereof, including public trust
20 authorities, not otherwise exempted under the laws of this state;
21 and

22 2. Expense deductions claimed in arriving at taxable income
23 under paragraph 10 of Section 2353 of this title shall be reduced by
24 an amount equal to fifty percent (50%) of excluded interest income

1 on obligations of the United States government or agencies thereof
2 and obligations of the State of Oklahoma or political subdivisions
3 thereof.

4 E. 1. Except as otherwise provided in paragraph 2 of this
5 subsection, before January 1, 2017, there shall be allowed a credit
6 against the tax levied in subsection A of this section in an amount
7 equal to the amount of taxable income received by a participating
8 financial institution as defined in Section 90.2 of Title 62 of the
9 Oklahoma Statutes pursuant to a loan made under the Rural Economic
10 Development Loan Act. Such credit shall be limited each year to
11 five percent (5%) of the amount of annual payroll certified by the
12 Oklahoma Rural Economic Development Loan Program Review Board
13 pursuant to the provisions of paragraph 3 of subsection B of Section
14 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan
15 made by the participating financial institution and may be claimed
16 for any number of years necessary until the amount of total credits
17 claimed is equal to the total amount of taxable income received by
18 the participating financial institution pursuant to the loan. Any
19 credit allowed but not used in a taxable year may be carried forward
20 for a period not to exceed five (5) taxable years. In no event
21 shall a credit allowed pursuant to the provisions of this subsection
22 be transferable or refundable.

23 2. No credit otherwise authorized by the provisions of this
24 subsection may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010 for
2 which the credit would otherwise be allowable. The provisions of
3 this paragraph shall cease to be operative on July 1, 2012.
4 Beginning July 1, 2012, the credit authorized by this subsection may
5 be claimed for any event, transaction, investment, expenditure or
6 other act occurring on or after July 1, 2012, according to the
7 provisions of this subsection.

8 SECTION 2. This act shall become effective January 1, 2022.

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