

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL 1078

By: Thompson and Rader of the
Senate

6 and

7 Wallace and Hilbert of the
8 House

9
10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; providing
12 for income tax credit for certain compensation earned
13 by qualifying doctors or osteopaths; defining terms;
14 imposing limitation on tax credit amount claimed by
15 taxpayer; imposing annual limitation on total tax
16 credits allowed; prohibiting reduction of tax
17 liability to less than zero; requiring
18 prequalification certificate; prescribing procedures
19 to obtain prequalification certificate; imposing
20 deadline for prequalification process; providing for
21 ability to claim tax credit in subsequent tax years;
22 prescribing procedures related to annual tax credit
23 cap amount; providing for allocation of annual tax
24 credit cap amount in certain circumstances; providing
for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 2357.410 of Title 68, unless
there is created a duplication in numbering, reads as follows:

1 A. Except as otherwise provided by this section, for taxable
2 years beginning after December 31, 2020, and ending not later than
3 December 31, 2025, subject to the limitations on the total tax
4 credit amount pursuant to subsection C of this section, there shall
5 be allowed a credit against the tax imposed pursuant to Section 2355
6 of Title 68 of the Oklahoma Statutes equal to five percent (5%) of
7 the qualifying compensation earned by a qualifying doctor directly
8 related to the practice of medicine or osteopathic medicine in a
9 qualifying rural area of the state.

10 B. For purposes of this section:

11 1. "Qualifying compensation" means money earned by a qualifying
12 doctor resulting from the performance of his or her professional
13 services in a qualifying rural area;

14 2. "Qualifying doctor" means a medical doctor or osteopathic
15 physician:

16 a. who is licensed in this state by the State Board of
17 Medical Licensure and Supervision or the State Board
18 of Osteopathic Examiners,

19 b. who has graduated from a college of medicine or
20 osteopathic medicine located in this state or has
21 completed his or her residency in this state or has
22 participated in clinical rotations in this state, and

23 c. whose professional services are performed in a
24 qualifying rural area; and

1 3. "Qualifying rural area" means:

2 a. any county with a population of less than thirty-six
3 thousand (36,000) persons according to the latest
4 Federal Decennial Census or most recent population
5 estimate, and

6 b. any municipality in Oklahoma which has a population
7 not exceeding twenty-five thousand (25,000) persons as
8 determined by the latest Federal Decennial Census or
9 most recent population estimate.

10 C. Subject to the tax credit cap amount prescribed by
11 subsection D of this section, the amount of the credit provided by
12 this section claimed by a taxpayer in any tax year shall not exceed
13 Twenty-five Thousand Dollars (\$25,000.00). For purposes of a joint
14 income tax return, the amount of the tax credit provided by this
15 section claimed by a married couple shall not exceed Fifty Thousand
16 Dollars (\$50,000.00).

17 D. The total amount of tax credits for each taxable year for
18 which prequalification certificates may be issued pursuant to
19 subsection F of this section shall not exceed One Million Dollars
20 (\$1,000,000.00).

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

23 F. Any taxpayer that intends to claim the tax credit authorized
24 by this section shall be required to obtain a prequalification

1 certificate from the Oklahoma Tax Commission using such electronic
2 form or system as may be prescribed by the Tax Commission for that
3 purpose. If the tax credits will be claimed on an income tax return
4 filed by married taxpayers, each of the taxpayers shall be required
5 to obtain his or her own separate prequalification certificate in
6 order to claim the tax credit on the applicable income tax return.
7 The prequalification application shall be made to the Tax Commission
8 no earlier than January 1 nor later than December 31 of the income
9 tax year for which the income tax credit is intended to be claimed.
10 The prequalification certificate shall be attached to the Oklahoma
11 income tax return of the person or persons claiming the tax credit.

12 G. Once a taxpayer has obtained a prequalification certificate
13 pursuant to subsection F of this section, the taxpayer shall be
14 eligible to claim the income tax credit authorized by this section
15 for each of the following income tax years for which the tax credit
16 is available as provided by subsection A of this section if the
17 taxpayer meets all of the qualifications and requirements with
18 respect to the rendition of professional services in a qualified
19 rural area as required by this section.

20 H. The Oklahoma Tax Commission shall issue a prequalification
21 certificate to each qualified applicant until the One Million Dollar
22 (\$1,000,000.00) tax credit cap amount for that income tax year is
23 reached or would be exceeded. If an applicant is denied a
24 prequalification certificate because the tax credit cap amount for

1 the applicable tax year would be exceeded, the applicant shall not
2 claim any tax credits otherwise authorized by this section with
3 respect to such tax year, but may make application for a
4 prequalification certificate with respect to any subsequent tax year
5 for which the tax credit is available as provided by this section.

6 I. If a taxpayer makes application for a prequalification
7 certificate and the total amount of tax credit for which the
8 certificate is requested exceeds the available tax credit cap, but
9 some part of the total tax credit amount is less than the available
10 tax credit cap, the prequalification certificate shall be issued for
11 the maximum amount available for that tax year.

12 SECTION 2. This act shall become effective November 1, 2019.

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