

1 **SENATE FLOOR VERSION**

2 February 9, 2016

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1376

By: Yen and Standridge

6 **[credit allowed for tax imposed - depreciable
7 property or new employment - noncodification -
8 ~~effective date~~ -**

emergency]

9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

11 SECTION 1. NEW LAW A new section of law not to be
12 codified in the Oklahoma Statutes reads as follows:

13 This act shall be known and may be cited as the "Tax Credit
14 Reduction Act".

15 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.4, as
16 amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,
17 Section 2357.4), is amended to read as follows:

18 Section 2357.4. A. Except as otherwise provided in subsection
19 F of Section 3658 of this title and in subsections J and K of this
20 section, for taxable years beginning after December 31, 1987, there
21 shall be allowed a credit against the tax imposed by Section 2355 of
22 this title for:

23 1. Investment in qualified depreciable property placed in
24 service during those years for use in a manufacturing operation, as

1 defined in Section 1352 of this title, which has received a
2 manufacturer exemption permit pursuant to the provisions of Section
3 1359.2 of this title or a qualified aircraft maintenance or
4 manufacturing facility as defined in Section 1357 of this title in
5 this state or a qualified web search portal as defined in Section
6 1357 of this title; or

7 2. A net increase in the number of full-time-equivalent
8 employees in a manufacturing operation, as defined in Section 1352
9 of this title, which has received a manufacturer exemption permit
10 pursuant to the provisions of Section 1359.2 of this title or a
11 qualified aircraft maintenance or manufacturing facility defined in
12 Section 1357 of this title in this state or in a qualified web
13 search portal as defined in Section 1357 of this title including
14 employees engaged in support services.

15 B. Except as otherwise provided in subsection F of Section 3658
16 of this title and in subsections J ~~and~~, K and L of this section, for
17 taxable years beginning after December 31, 1998, there shall be
18 allowed a credit against the tax imposed by Section 2355 of this
19 title for:

20 1. Investment in qualified depreciable property with a total
21 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
22 within three (3) years from the date of initial qualifying
23 expenditure and placed in service in this state during those years
24 for use in the manufacture of products described by any Industry

1 Number contained in Division D of Part I of the Standard Industrial
2 Classification (SIC) Manual, latest revision; or

3 2. A net increase in the number of full-time-equivalent
4 employees in this state engaged in the manufacture of any goods
5 identified by any Industry Number contained in Division D of Part I
6 of the Standard Industrial Classification (SIC) Manual, latest
7 revision, if the total cost of qualified depreciable property placed
8 in service by the business entity within the state equals or exceeds
9 Forty Million Dollars (\$40,000,000.00) within three (3) years from
10 the date of initial qualifying expenditure.

11 C. The business entity may claim the credit authorized by
12 subsection B of this section for expenditures incurred or for a net
13 increase in the number of full-time-equivalent employees after the
14 business entity provides proof satisfactory to the Oklahoma Tax
15 Commission that the conditions imposed pursuant to paragraph 1 or
16 paragraph 2 of subsection B of this section have been satisfied.

17 D. If a business entity fails to expend the amount required by
18 paragraph 1 or paragraph 2 of subsection B of this section within
19 the time required, the business entity may not claim the credit
20 authorized by subsection B of this section but shall be allowed to
21 claim a credit pursuant to subsection A of this section if the
22 requirements of subsection A of this section are met with respect to
23 the investment in qualified depreciable property or net increase in
24 the number of full-time-equivalent employees.

1 E. The credit provided for in subsection A of this section, if
2 based upon investment in qualified depreciable property, shall not
3 be allowed unless the investment in qualified depreciable property
4 is at least Fifty Thousand Dollars (\$50,000.00). The credit
5 provided for in subsection A or B of this section shall not be
6 allowed if the applicable investment is the direct cause of a
7 decrease in the number of full-time-equivalent employees. Qualified
8 property shall be limited to machinery, fixtures, equipment,
9 buildings or substantial improvements thereto, placed in service in
10 this state during the taxable year. The taxable years for which the
11 credit may be allowed if based upon investment in qualified
12 depreciable property shall be measured from the year in which the
13 qualified property is placed in service. If the credit provided for
14 in subsection A or B of this section is calculated on the basis of
15 the cost of the qualified property, the credit shall be allowed in
16 each of the four (4) subsequent years. If the qualified property on
17 which a credit has previously been allowed is acquired from a
18 related party, the date such property is placed in service by the
19 transferor shall be considered to be the date such property is
20 placed in service by the transferee, for purposes of determining the
21 aggregate number of years for which credit may be allowed.

22 F. The credit provided for in subsection A or B of this
23 section, if based upon an increase in the number of full-time-
24 equivalent employees, shall be allowed in each of the four (4)

1 subsequent years only if the level of new employees is maintained in
2 the subsequent year. In calculating the credit by the number of new
3 employees, only those employees whose paid wages or salary were at
4 least Seven Thousand Dollars (\$7,000.00) during each year the credit
5 is claimed shall be included in the calculation. Provided, that the
6 first year a credit is claimed for a new employee, such employee may
7 be included in the calculation notwithstanding paid wages of less
8 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
9 the last three quarters of the tax year, has wages or salary which
10 will result in annual paid wages in excess of Seven Thousand Dollars
11 (\$7,000.00) and the taxpayer submits an affidavit stating that the
12 employee's position will be retained in the following tax year and
13 will result in the payment of wages in excess of Seven Thousand
14 Dollars (\$7,000.00). The number of new employees shall be
15 determined by comparing the monthly average number of full-time
16 employees subject to Oklahoma income tax withholding for the final
17 quarter of the taxable year with the corresponding period of the
18 prior taxable year, as substantiated by such reports as may be
19 required by the Tax Commission.

20 G. ~~The~~ Except as otherwise provided in subsection L of this
21 section, the credit allowed by subsection A of this section shall be
22 the greater amount of either:

23 1. One percent (1%) of the cost of the qualified property in
24 the year the property is placed in service; or

1 2. Five Hundred Dollars (\$500.00) for each new employee. No
2 credit shall be allowed in any taxable year for a net increase in
3 the number of full-time-equivalent employees if such increase is a
4 result of an investment in qualified depreciable property for which
5 an income tax credit has been allowed as authorized by this section.

6 H. The Except as otherwise provided in subsection L of this
7 section, the credit allowed by subsection B of this section shall be
8 the greater amount of either:

9 1. Two percent (2%) of the cost of the qualified property in
10 the year the property is placed in service; or

11 2. One Thousand Dollars (\$1,000.00) for each new employee.

12 No credit shall be allowed in any taxable year for a net
13 increase in the number of full-time-equivalent employees if such
14 increase is a result of an investment in qualified depreciable
15 property for which an income tax credit has been allowed as
16 authorized by this section.

17 I. Except as provided by subsection G of Section 3658 of this
18 title, any credits allowed but not used in any taxable year may be
19 carried over in order as follows:

20 1. To each of the four (4) years following the year of
21 qualification;

22 2. To the extent not used in those years in order to each of
23 the fifteen (15) years following the initial five-year period; and
24

1 3. If a C corporation that otherwise qualified for the credits
2 under subsection A of this section subsequently changes its
3 operating status to that of a pass-through entity which is being
4 treated as the same entity for federal tax purposes, the credits
5 will continue to be available as if the pass-through entity had
6 originally qualified for the credits subject to the limitations of
7 this section.

8 To the extent not used in paragraphs 1 and 2 of this subsection,
9 such credits from qualified depreciable property placed in service
10 on or after January 1, 2000, may be utilized in any subsequent tax
11 years after the initial twenty-year period.

12 J. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2010, for
15 which the credit would otherwise be allowable until the provisions
16 of this subsection shall cease to be operative on July 1, 2012.
17 Beginning July 1, 2012, the credit authorized by this section may be
18 claimed for any event, transaction, investment, expenditure or other
19 act occurring on or after July 1, 2010, according to the provisions
20 of this section; provided, credits accrued during the period from
21 July 1, 2010, through June 30, 2012, shall be limited to a period of
22 two (2) taxable years. The credit shall be limited in each taxable
23 year to fifty percent (50%) of the total amount of the accrued
24 credit. Any tax credits which accrue during the period of July 1,

1 2010, through June 30, 2012, may not be claimed for any period prior
2 to the taxable year beginning January 1, 2012. No credits which
3 accrue during the period of July 1, 2010, through June 30, 2012, may
4 be used to file an amended tax return for any taxable year prior to
5 the taxable year beginning January 1, 2012.

6 K. Beginning January 1, 2017, except with respect to tax
7 credits allowed from investment or job creation occurring prior to
8 January 1, 2017, the credits authorized by this section shall not be
9 allowed for investment or job creation in electric power generation
10 by means of wind as described by the North American Industry
11 Classification System, No. 221119.

12 L. For any credits calculated pursuant to subsections G and H
13 of this section for investments made in qualified depreciable
14 property or a net increase in the number of full-time equivalent
15 employees on or after July 1, 2016, the amount of credit allowed
16 shall be equal to seventy-five percent (75%) of the amount otherwise
17 provided.

18 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.11, as
19 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
20 Section 2357.11), is amended to read as follows:

21 Section 2357.11. A. For purposes of this section, the term
22 "person" means any legal business entity including limited and
23 general partnerships, corporations, sole proprietorships, and
24 limited liability companies, but does not include individuals.

1 B. 1. Except as provided in subsection M of this section, for
2 tax years beginning on or after January 1, 1993, and ending on or
3 before December 31, 2021, there shall be allowed a credit against
4 the tax imposed by Section 1803 or Section 2355 of this title or
5 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every
6 person in this state furnishing water, heat, light or power to the
7 state or its citizens, or for every person in this state burning
8 coal to generate heat, light or power for use in manufacturing
9 operations located in this state.

10 2. For tax years beginning on or after January 1, 1993, and
11 ending on or before December 31, 2005, and for the period of January
12 1, 2006, through June 30, 2006, the credit shall be in the amount of
13 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
14 purchased by such person.

15 3. For the period of July 1, 2006 through December 31, 2006,
16 and, except as provided in subsection N of this section, for tax
17 years beginning on or after January 1, 2007, and ending on or before
18 December 31, 2021, the credit shall be in the amount of Two Dollars
19 and eighty-five cents (\$2.85) per ton for each ton of Oklahoma-mined
20 coal purchased by such person.

21 4. In addition to the credit allowed pursuant to the provisions
22 of paragraph 3 of this subsection, for the period of July 1, 2006,
23 through December 31, 2006, and except as provided in ~~subsection M~~
24 subsections M and N of this section, for tax years beginning on or

1 after January 1, 2007, and ending on or before December 31, 2021,
2 there shall be allowed a credit in the amount of Two Dollars and
3 fifteen cents (\$2.15) per ton for each ton of Oklahoma-mined coal
4 purchased by such person. The credit allowed pursuant to the
5 provisions of this paragraph may not be claimed or transferred prior
6 to January 1, 2008.

7 C. For tax years beginning on or after January 1, 1995, and
8 ending on or before December 31, 2005, and for the period beginning
9 January 1, 2006, through June 30, 2006, there shall be allowed, in
10 addition to the credits allowed pursuant to subsection B of this
11 section, a credit against the tax imposed by Section 1803 or Section
12 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
13 Statutes for every person in this state which:

14 1. Furnishes water, heat, light or power to the state or its
15 citizens, or burns coal to generate heat, light or power for use in
16 manufacturing operations located in this state; and

17 2. Purchases at least seven hundred fifty thousand (750,000)
18 tons of Oklahoma-mined coal in the tax year.

19 The additional credit allowed pursuant to this subsection shall
20 be in the amount of Three Dollars (\$3.00) per ton for each ton of
21 Oklahoma-mined coal purchased by such person.

22 D. Except as otherwise provided in subsection E of this section
23 and in subsection M of this section, for tax years beginning on or
24 after January 1, 2001, and ending on or before December 31, 2021,

1 there shall be allowed a credit against the tax imposed by Section
2 1803 or Section 2355 of this title or Section 624 or 628 of Title 36
3 of the Oklahoma Statutes for every person in this state primarily
4 engaged in mining, producing or extracting coal, and holding a valid
5 permit issued by the Oklahoma Department of Mines. For tax years
6 beginning on or after January 1, 2001, and ending on or before
7 December 31, 2005, and for the period beginning January 1, 2006,
8 through June 30, 2006, the credit shall be in the amount of ninety-
9 five cents (\$0.95) per ton and for the period of July 1, 2006,
10 through December 31, 2006, and for tax years beginning on or after
11 January 1, 2007, except as otherwise provided in subsection N of
12 this section, the credit shall be in the amount of Five Dollars
13 (\$5.00) for each ton of coal mined, produced or extracted in on,
14 under or through a permit in this state by such person.

15 E. In addition to the credit allowed pursuant to the provisions
16 of subsection D of this section and except as otherwise provided in
17 subsection F of this section, for tax years beginning on or after
18 January 1, 2001, and ending on or before December 31, 2005, and for
19 the period of January 1, 2006, through June 30, 2006, there shall be
20 allowed a credit against the tax imposed by Section 1803 or Section
21 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
22 Statutes for every person in this state primarily engaged in mining,
23 producing or extracting coal, and holding a valid permit issued by
24 the Oklahoma Department of Mines in the amount of ninety-five cents

1 (\$0.95) per ton for each ton of coal mined, produced or extracted
2 from thin seams in this state by such person; provided, the credit
3 shall not apply to such coal sold to any consumer who purchases at
4 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
5 coal per year.

6 F. In addition to the credit allowed pursuant to the provisions
7 of subsection D of this section and except as otherwise provided in
8 subsection G of this section, for tax years beginning on or after
9 January 1, 2005, and ending on or before December 31, 2005, and for
10 the period of January 1, 2006, through June 30, 2006, there shall be
11 allowed a credit against the tax imposed by Section 1803 or Section
12 2355 of this title or that portion of the tax imposed by Section 624
13 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
14 to and placed into the General Revenue Fund, in the amount of
15 ninety-five cents (\$0.95) per ton for each ton of coal mined,
16 produced or extracted from thin seams in this state by such person
17 on or after July 1, 2005.

18 G. The credits provided in subsections D and E of this section
19 shall not be allowed for coal mined, produced or extracted in any
20 month in which the average price of coal is Sixty-eight Dollars
21 (\$68.00) or more per ton, excluding freight charges, as determined
22 by the Tax Commission.

23 H. The additional credits allowed pursuant to subsections B, C,
24 D and E of this section but not used shall be freely transferable

1 after January 1, 2002, but not later than December 31, 2013, by
2 written agreement to subsequent transferees at any time during the
3 five (5) years following the year of qualification; provided, the
4 additional credits allowed pursuant to the provisions of paragraph 4
5 of subsection B of this section but not used shall be freely
6 transferable after January 1, 2008, but not later than December 31,
7 2013, by written agreement to subsequent transferees at any time
8 during the five (5) years following the year of qualification. An
9 eligible transferee shall be any taxpayer subject to the tax imposed
10 by Section 1803 or Section 2355 of this title or Section 624 or 628
11 of Title 36 of the Oklahoma Statutes. The person originally allowed
12 the credit and the subsequent transferee shall jointly file a copy
13 of the written credit transfer agreement with the Tax Commission
14 within thirty (30) days of the transfer. The written agreement
15 shall contain the name, address and taxpayer identification number
16 of the parties to the transfer, the amount of credit being
17 transferred, the year the credit was originally allowed to the
18 transferring person and the tax year or years for which the credit
19 may be claimed. The Tax Commission may promulgate rules to permit
20 verification of the validity and timeliness of a tax credit claimed
21 upon a tax return pursuant to this subsection but shall not
22 promulgate any rules which unduly restrict or hinder the transfers
23 of such tax credit.

24

1 I. The additional credit allowed pursuant to subsection F of
2 this section but not used shall be freely transferable on or after
3 July 1, 2006, but not later than December 31, 2013, by written
4 agreement to subsequent transferees at any time during the five (5)
5 years following the year of qualification. An eligible transferee
6 shall be any taxpayer subject to the tax imposed by Section 1803 or
7 Section 2355 of this title or Section 624 or 628 of Title 36 of the
8 Oklahoma Statutes. The person originally allowed the credit and the
9 subsequent transferee shall jointly file a copy of the written
10 credit transfer agreement with the Tax Commission within thirty (30)
11 days of the transfer. The written agreement shall contain the name,
12 address and taxpayer identification number of the parties to the
13 transfer, the amount of credit being transferred, the year the
14 credit was originally allowed to the transferring person and the tax
15 year or years for which the credit may be claimed. The Tax
16 Commission may promulgate rules to permit verification of the
17 validity and timeliness of a tax credit claimed upon a tax return
18 pursuant to this subsection but shall not promulgate any rules which
19 unduly restrict or hinder the transfers of such tax credit.

20 J. Any person receiving tax credits pursuant to the provisions
21 of this section shall apply the credits against taxes payable or,
22 subject to the limitation that credits earned after December 31,
23 2013, shall not be transferred, shall transfer the credits as
24 provided in this section or, for credits earned on or after January

1 1, 2014, shall receive a refund pursuant to the provisions of
2 subsection L of this section. Credits shall not be used to lower
3 the price of any Oklahoma-mined coal sold that is produced by a
4 subsidiary of the person receiving a tax credit under this section
5 to other buyers of the Oklahoma-mined coal.

6 K. Except as provided by paragraph 2 of subsection L of this
7 section, the credits allowed by subsections B, C, D, E and F of this
8 section, upon election of the taxpayer, shall be treated and may be
9 claimed as a payment of tax, a prepayment of tax or a payment of
10 estimated tax for purposes of Section 1803 or 2355 of this title or
11 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

12 L. 1. With respect to credits allowed pursuant to the
13 provisions of subsections B, C, D, E and F of this section earned
14 prior to January 1, 2014, but not used in any tax year may be
15 carried over in order to each of the five (5) years following the
16 year of qualification.

17 2. With respect to credits allowed pursuant to the provisions
18 of subsections B, C, D, E and F of this section which are earned but
19 not used, based upon activity occurring on or after January 1, 2014,
20 the Oklahoma Tax Commission shall, at the taxpayer's election,
21 refund directly to the taxpayer eighty-five percent (85%) of the
22 face amount of such credits. The direct refund of the credits
23 pursuant to this paragraph shall be available to all taxpayers,
24 including, without limitation, pass-through entities and taxpayers

1 subject to Section 2355 of this title. The amount of any direct
2 refund of credits actually received at the eighty-five percent (85%)
3 level by the taxpayer pursuant to this paragraph shall not be
4 subject to the tax imposed by Section 2355 of this title. If the
5 pass-through entity does not file a claim for a direct refund, the
6 pass-through entity shall allocate the credit to one or more of the
7 shareholders, partners or members of the pass-through entity;
8 provided, the total of all credits refunded or allocated shall not
9 exceed the amount of the credit or refund to which the pass-through
10 entity is entitled. For the purposes of this paragraph, "pass-
11 through entity" means a corporation that for the applicable tax year
12 is treated as an S corporation under the Internal Revenue Code of
13 1986, as amended, general partnership, limited partnership, limited
14 liability partnership, trust or limited liability company that for
15 the applicable tax year is not taxed as a corporation for federal
16 income tax purposes.

17 M. No credit otherwise authorized by the provisions of this
18 section may be claimed for any event, transaction, investment,
19 expenditure or other act occurring on or after July 1, 2010, for
20 which the credit would otherwise be allowable. The provisions of
21 this subsection shall cease to be operative on July 1, 2012.
22 Beginning July 1, 2012, the credit authorized by this section may be
23 claimed for any event, transaction, investment, expenditure or other
24

1 act occurring on or after July 1, 2012, according to the provisions
2 of this section.

3 N. For any credits calculated pursuant to paragraphs 3 or 4 of
4 subsection B or subsection D of this section for activities
5 occurring on or after July 1, 2016, the amount of credit allowed
6 shall be equal to seventy-five percent (75%) of the amount otherwise
7 provided.

8 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.22, as
9 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
10 2015, Section 2357.22), is amended to read as follows:

11 Section 2357.22. A. For tax years beginning before January 1,
12 2020, there shall be allowed a one-time credit against the income
13 tax imposed by Section 2355 of this title for investments in
14 qualified clean-burning motor vehicle fuel property placed in
15 service after December 31, 1990.

16 B. As used in this section, "qualified clean-burning motor
17 vehicle fuel property" means:

18 1. Equipment installed to modify a motor vehicle which is
19 propelled by gasoline or diesel fuel so that the vehicle may be
20 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
21 natural gas or liquefied petroleum gas; provided, equipment
22 installed on a vehicle propelled by a hydrogen fuel cell shall only
23 be eligible for tax year 2010. The equipment covered by this
24 paragraph must:

- a. be new, not previously used to modify or retrofit any vehicle propelled by gasoline or diesel fuel and be installed by an alternative fuels equipment technician who is certified in accordance with the Alternative Fuels Technician Certification Act,
- b. meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571, or
- c. for any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations;

2. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell shall only be eligible for tax year 2010;

3. Property, not including a building and its structural components, which is:

- a. directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, or hydrogen, for commercial purposes or for a fee or

1 charge, into the fuel tank of a motor vehicle
2 propelled by such fuel including compression equipment
3 and storage tanks for such fuel at the point where
4 such fuel is so delivered but only if such property is
5 not used to deliver such fuel into any other type of
6 storage tank or receptacle and such fuel is not used
7 for any purpose other than to propel a motor vehicle,
8 or

9 b. a metered-for-fee, public access recharging system for
10 motor vehicles propelled in whole or in part by
11 electricity. The property covered by this paragraph
12 must be new, and must not have been previously
13 installed or used to refuel vehicles powered by
14 compressed natural gas, liquefied natural gas or
15 liquefied petroleum gas, hydrogen or electricity.

16 Any property covered by this paragraph which is related to the
17 delivery of hydrogen into the fuel tank of a motor vehicle shall
18 only be eligible for tax year 2010; or

19 4. Property which is directly related to the compression and
20 delivery of natural gas from a private home or residence, for
21 noncommercial purposes, into the fuel tank of a motor vehicle
22 propelled by compressed natural gas. The property covered by this
23 paragraph must be new and must not have been previously installed or
24 used to refuel vehicles powered by natural gas.

1 C. As used in this section, "motor vehicle" means a motor
2 vehicle originally designed by the manufacturer to operate lawfully
3 and principally on streets and highways.

4 D. ~~The~~ Except as provided in subsection J of this section, the
5 credit provided for in subsection A of this section shall be as
6 follows:

7 1. After ~~the effective date of this act~~ August 22, 2014, for
8 the qualified clean-burning motor vehicle fuel property defined in
9 paragraph 1 or 2 of subsection B of this section, forty-five percent
10 (45%) of the cost of the qualified clean-burning motor vehicle fuel
11 property;

12 2. For qualified clean-burning motor vehicle fuel property
13 defined in paragraph 3 of subsection B of this section, a per-
14 location credit of seventy-five percent (75%) of the cost of the
15 qualified clean-burning motor vehicle fuel property; and

16 3. For qualified clean-burning motor vehicle fuel property
17 defined in paragraph 4 of subsection B of this section, a per-
18 location credit of the lesser of fifty percent (50%) of the cost of
19 the qualified clean-burning motor vehicle fuel property or Two
20 Thousand Five Hundred Dollars (\$2,500.00).

21 E. ~~In~~ Except as otherwise provided in subsection J of this
22 section, in cases where no credit has been claimed pursuant to
23 paragraph 1 of subsection D of this section by any prior owner and
24 in which a motor vehicle is purchased by a taxpayer with qualified

1 clean-burning motor vehicle fuel property installed by the
2 manufacturer of such motor vehicle and the taxpayer is unable or
3 elects not to determine the exact basis which is attributable to
4 such property, the taxpayer may claim a credit in an amount not
5 exceeding the lesser of ten percent (10%) of the cost of the motor
6 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

7 F. If the tax credit allowed pursuant to subsection A of this
8 section exceeds the amount of income taxes due or if there are no
9 state income taxes due on the income of the taxpayer, the amount of
10 the credit not used as an offset against the income taxes of a
11 taxable year may be carried forward as a credit against subsequent
12 income tax liability for a period not to exceed five (5) years.

13 G. A husband and wife who file separate returns for a taxable
14 year in which they could have filed a joint return may each claim
15 only one-half (1/2) of the tax credit that would have been allowed
16 for a joint return.

17 H. The Oklahoma Tax Commission is herein empowered to
18 promulgate rules by which the purpose of this section shall be
19 administered, including the power to establish and enforce penalties
20 for violations thereof.

21 I. Notwithstanding the provisions of Section 2352 of this
22 title, for the fiscal year beginning on July 1, 2014, and each
23 fiscal year thereafter, the Tax Commission shall calculate an amount
24 that equals five percent (5%) of the cost of qualified clean-burning

1 motor vehicle fuel property as provided for in paragraph 1 of
2 subsection D of this section for tax year 2012. For each subsequent
3 fiscal year thereafter, the Tax Commission shall perform the same
4 computation with respect to the second tax year preceding the
5 beginning of each subsequent fiscal year. The Tax Commission shall
6 then transfer an amount equal to the amount calculated in this
7 subsection from the revenue derived pursuant to the provisions of
8 subsections A, B and E of Section 2355 of this title to the
9 Compressed Natural Gas Conversion Safety and Regulation Fund created
10 in ~~Section 13 of this act~~ Section 130.25 of Title 74 of the Oklahoma
11 Statutes.

12 J. For any credits calculated pursuant to subsections D or E of
13 this section for investments made on or after July 1, 2016, the
14 amount of credit allowed shall be equal to seventy-five percent
15 (75%) of the amount otherwise provided.

16 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.27, as
17 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2015,
18 Section 2357.27), is amended to read as follows:

19 Section 2357.27. A. Except as otherwise provided by subsection
20 E of this section, for tax years beginning after December 31, 1998,
21 and ending before January 1, 2017, there shall be allowed a credit
22 against the tax imposed by Section 2355 of this title for eligible
23 expenses incurred by entities primarily engaged in the business of
24 providing child care services.

1 B. As used in this section, "eligible expenses" means amounts
2 paid by an entity primarily engaged in the business of providing
3 child care services for expenses incurred by the entity to comply
4 with the standards promulgated by a national accrediting association
5 recognized by the Department of Human Services and which would not
6 have been incurred by the entity to comply with the Oklahoma Child
7 Care Facilities Licensing Act.

8 C. ~~The~~ Except as otherwise provided in subsection F of this
9 section, the credit allowed by subsection A of this section shall be
10 twenty percent (20%) of the amount of eligible expenses. Such
11 credit shall not be allowed for any amounts for which the entity
12 claims or receives an income tax credit, exemption or deduction.

13 D. Any credits allowed but not used in any tax year may be
14 carried over in order to each of the four (4) tax years following
15 the year of qualification.

16 E. No credit otherwise authorized by the provisions of this
17 section may be claimed for any event, transaction, investment,
18 expenditure or other act occurring on or after July 1, 2010, for
19 which the credit would otherwise be allowable. The provisions of
20 this subsection shall cease to be operative on July 1, 2012.
21 Beginning July 1, 2012, the credit authorized by this section may be
22 claimed for any event, transaction, investment, expenditure or other
23 act occurring on or after July 1, 2012, according to the provisions
24 of this section.

1 F. For any credits calculated pursuant to subsection C of this
2 section for eligible expenses paid on or after July 1, 2016, the
3 amount of the credit allowed shall be equal to seventy-five percent
4 (75%) of the amount otherwise provided.

5 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
6 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
7 Section 2357.32A), is amended to read as follows:

8 Section 2357.32A. A. Except as otherwise provided in
9 subsection H of this section, for tax years beginning on or after
10 January 1, 2003, there shall be allowed a credit against the tax
11 imposed by Section 2355 of this title to a taxpayer for the
12 taxpayer's production and sale to an unrelated person of electricity
13 generated by zero-emission facilities located in this state. As
14 used in this section:

15 1. "Electricity generated by zero-emission facilities" means
16 electricity that is exclusively produced by any facility located in
17 this state with a rated production capacity of one megawatt (1 mw)
18 or greater, constructed for the generation of electricity and placed
19 in operation after June 4, 2001, which utilizes eligible renewable
20 resources as its fuel source. The construction and operation of
21 such facilities shall result in no pollution or emissions that are
22 or may be harmful to the environment, pursuant to a determination by
23 the Department of Environmental Quality; and

24 2. "Eligible renewable resources" means resources derived from:

- a. wind,
- b. moving water,
- c. sun, or
- d. geothermal energy.

B. 1. For facilities placed in operation on or after January 1, 2003, and before January 1, 2007, the amount of the credit for the electricity generated on or after January 1, 2003, but prior to January 1, 2004, shall be seventy-five one-hundredths of one cent (\$0.0075) for each kilowatt-hour of electricity generated by zero-emission facilities.

2. For electricity generated on or after January 1, 2004, but prior to January 1, 2007, the amount of the credit shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-hour for electricity generated by zero-emission facilities.

3. For electricity generated on or after January 1, 2007, but prior to January 1, 2012, the amount of the credit shall be twenty-five one-hundredths of one cent (\$0.0025) per kilowatt-hour of electricity generated by zero-emission facilities. ~~For~~

4. Except as otherwise provided in subsection I of this section, for facilities placed in operation on or after January 1, 2007, and before January 1, 2021, the amount of the credit for the electricity generated on or after January 1, 2007, shall be fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities.

1 C. Credits may be claimed with respect to electricity generated
2 on or after January 1, 2003, during a ten-year period following the
3 date that the facility is placed in operation on or after June 4,
4 2001.

5 D. 1. For credits generated prior to January 1, 2014, if the
6 credit allowed pursuant to this section exceeds the amount of income
7 taxes due or if there are no state income taxes due on the income of
8 the taxpayer, the amount of the credit allowed but not used in any
9 tax year may be carried forward as a credit against subsequent
10 income tax liability for a period not exceeding ten (10) years.

11 2. For credits generated, but not used, on or after January 1,
12 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
13 election, directly to the taxpayer eighty-five percent (85%) of the
14 face amount of such credits. The direct refund of the credits
15 pursuant to this paragraph shall be available to all taxpayers,
16 including, without limitation, pass-through entities and taxpayers
17 subject to Section 2355 of this title, but shall not be available to
18 any entities falling within the provisions of subsection E of this
19 section. The amount of any direct refund of credits actually
20 received at the eighty-five percent (85%) level by the taxpayer
21 pursuant to this paragraph shall not be subject to the tax imposed
22 by Section 2355 of this title. If the pass-through entity does not
23 file a claim for a direct refund, the pass-through entity shall
24 allocate the credit to one or more of the shareholders, partners or

1 members of the pass-through entity; provided, the total of all
2 credits refunded or allocated shall not exceed the amount of the
3 credit or refund to which the pass-through entity is entitled. For
4 the purposes of this paragraph, "pass-through entity" means a
5 corporation that for the applicable tax year is treated as an S
6 corporation under the Internal Revenue Code of 1986, as amended,
7 general partnership, limited partnership, limited liability
8 partnership, trust or limited liability company that for the
9 applicable tax year is not taxed as a corporation for federal income
10 tax purposes.

11 E. Any nontaxable entities, including agencies of the State of
12 Oklahoma or political subdivisions thereof, shall be eligible to
13 establish a transferable tax credit in the amount provided in
14 subsection B of this section. Such tax credit shall be a property
15 right available to a state agency or political subdivision of this
16 state to transfer or sell to a taxable entity, whether individual or
17 corporate, who shall have an actual or anticipated income tax
18 liability under Section 2355 of this title. These tax credit
19 provisions are authorized as an incentive to the State of Oklahoma,
20 its agencies and political subdivisions to encourage the expenditure
21 of funds in the development, construction and utilization of
22 electricity from zero-emission facilities as defined in subsection A
23 of this section.

24

1 F. For credits generated prior to January 1, 2014, the amount
2 of the credit allowed, but not used, shall be freely transferable at
3 any time during the ten (10) years following the year of
4 qualification. Any person to whom or to which a tax credit is
5 transferred shall have only such rights to claim and use the credit
6 under the terms that would have applied to the entity by whom or by
7 which the tax credit was transferred. The provisions of this
8 subsection shall not limit the ability of a tax credit transferee to
9 reduce the tax liability of the transferee, regardless of the actual
10 tax liability of the tax credit transferor, for the relevant taxable
11 period. The transferor initially allowed the credit and any
12 subsequent transferees shall jointly file a copy of any written
13 transfer agreement with the Oklahoma Tax Commission within thirty
14 (30) days of the transfer. The written agreement shall contain the
15 name, address and taxpayer identification number or social security
16 number of the parties to the transfer, the amount of the credit
17 being transferred, the year the credit was originally allowed to the
18 transferor, and the tax year or years for which the credit may be
19 claimed. The Tax Commission may promulgate rules to permit
20 verification of the validity and timeliness of the tax credit
21 claimed upon a tax return pursuant to this subsection but shall not
22 promulgate any rules that unduly restrict or hinder the transfers of
23 such tax credit. The tax credit allowed by this section, upon the
24 election of the taxpayer, may be claimed as a payment of tax, a

1 prepayment of tax or a payment of estimated tax for purposes of
2 Section 1803 or Section 2355 of this title.

3 G. For electricity generation produced and sold in a calendar
4 year, the tax credit allowed by the provisions of this section, upon
5 election of the taxpayer, shall be treated and may be claimed as a
6 payment of tax, a prepayment of tax or a payment of estimated tax
7 for purposes of Section 2355 of this title on or after July 1 of the
8 following calendar year.

9 H. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, 2010, for
12 which the credit would otherwise be allowable until the provisions
13 of this subsection shall cease to be operative on July 1, 2011.
14 Beginning July 1, 2011, the credit authorized by this section may be
15 claimed for any event, transaction, investment, expenditure or other
16 act occurring on or after July 1, 2010, according to the provisions
17 of this section. Any tax credits which accrue during the period of
18 July 1, 2010, through June 30, 2011, may not be claimed for any
19 period prior to the taxable year beginning January 1, 2012. No
20 credits which accrue during the period of July 1, 2010, through June
21 30, 2011, may be used to file an amended tax return for any taxable
22 year prior to the taxable year beginning January 1, 2012.

23 I. For any credits calculated pursuant to paragraph 4 of
24 subsection B of this section for electricity generated on or after

1 July 1, 2016, the amount of credit allowed shall be equal to
2 seventy-five (75%) of the amount otherwise provided.

3 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.41, is
4 amended to read as follows:

5 Section 2357.41. A. Except as otherwise provided by subsection
6 I of this section, for tax years beginning after December 31, 2000,
7 there shall be allowed a credit against the tax imposed by Sections
8 2355 and 2370 of this title or that portion of the tax imposed by
9 Section 624 or 628 of Title 36 of the Oklahoma Statutes that would
10 otherwise have been apportioned to the General Revenue Fund for
11 qualified rehabilitation expenditures incurred in connection with
12 any certified historic hotel or historic newspaper plant building
13 located in an increment or incentive district created pursuant to
14 the Local Development Act or for qualified rehabilitation
15 expenditures incurred after January 1, 2006, in connection with any
16 certified historic structure.

17 B. ~~The~~ Except as otherwise provided in subsection J of this
18 section, the amount of the credit shall be one hundred percent
19 (100%) of the federal rehabilitation credit provided for in Section
20 47 of Title 26 of the United States Code. The credit authorized by
21 this section may be claimed at any time after the relevant local
22 governmental body responsible for doing so issues a certificate of
23 occupancy or other document that is a precondition for the

24

1 applicable use of the building or structure that is the basis upon
2 which the credit authorized by this section is claimed.

3 C. All requirements with respect to qualification for the
4 credit authorized by Section 47 of Title 26 of the United States
5 Code shall be applicable to the credit authorized by this section.

6 D. If the credit allowed pursuant to this section exceeds the
7 amount of income taxes due or if there are no state income taxes due
8 on the income of the taxpayer, the amount of the credit allowed but
9 not used in any taxable year may be carried forward as a credit
10 against subsequent income tax liability for a period not exceeding
11 ten (10) years following the qualified expenditures.

12 E. All rehabilitation work to which the credit may be applied
13 shall be reviewed by the State Historic Preservation Office which
14 will in turn forward the information to the National Park Service
15 for certification in accordance with 36 C.F.R., Part 67. A
16 certified historic structure may be rehabilitated for any lawful use
17 or uses, including without limitation mixed uses and still retain
18 eligibility for the credit provided for in this section.

19 F. The amount of the credit allowed for any credit claimed for
20 a certified historic hotel or historic newspaper plant building or
21 any certified historic structure, but not used, shall be freely
22 transferable, in whole or in part, to subsequent transferees at any
23 time during the five (5) years following the year of qualification.
24 Any person to whom or to which a tax credit is transferred shall

1 have only such rights to claim and use the credit under the terms
2 that would have applied to the entity by whom or by which the tax
3 credit was transferred. The provisions of this subsection shall not
4 limit the ability of a tax credit transferee to reduce the tax
5 liability of the transferee regardless of the actual tax liability
6 of the tax credit transferor for the relevant taxable period. The
7 transferor of the credit and the transferee shall jointly file a
8 copy of the written credit transfer agreement with the Oklahoma Tax
9 Commission within thirty (30) days of the transfer. Such filing of
10 the written credit transfer agreement with the Oklahoma Tax
11 Commission shall perfect such transfer. The written agreement shall
12 contain the name, address and taxpayer identification number of the
13 parties to the transfer, the amount of credit being transferred, the
14 year the credit was originally allowed to the transferor, the tax
15 year or years for which the credit may be claimed, and a
16 representation by the transferor that the transferor has neither
17 claimed for its own behalf nor conveyed such credits to any other
18 transferee. The Tax Commission shall develop a standard form for
19 use by subsequent transferees of the credit demonstrating
20 eligibility for the transferee to reduce its applicable tax
21 liabilities resulting from ownership of the credit. The Tax
22 Commission shall develop a system to record and track the transfers
23 of the credit and certify the ownership of the credit and may
24 promulgate rules to permit verification of the validity and

1 timeliness of a tax credit claimed upon a tax return pursuant to
2 this subsection but shall not promulgate any rules which unduly
3 restrict or hinder the transfers of such tax credit.

4 G. Notwithstanding any other provisions in this section, on or
5 after January 1, 2009, if a credit allowed pursuant to this section
6 which has been transferred is subsequently reduced as the result of
7 an adjustment by the Internal Revenue Service, Tax Commission, or
8 any other applicable government agency, only the transferor
9 originally allowed the credit and not any subsequent transferee of
10 the credit, shall be held liable to repay any amount of disallowed
11 credit.

12 H. As used in this section:

13 1. "Certified historic hotel or historic newspaper plant
14 building" means a hotel or newspaper plant building that is listed
15 on the National Register of Historic Places within thirty (30)
16 months of taking the credit pursuant to this section.

17 2. "Certified historic structure" means a building that is
18 listed on the National Register of Historic Places within thirty
19 (30) months of taking the credit pursuant to this section or a
20 building located in Oklahoma which is certified by the State
21 Historic Preservation Office as contributing to the historic
22 significance of a certified historic district listed on the National
23 Register of Historic Places, or a local district that has been
24

1 certified by the State Historic Preservation Office as eligible for
2 listing in the National Register of Historic Places; and

3 3. "Qualified rehabilitation expenditures" means capital
4 expenditures that qualify for the federal rehabilitation credit
5 provided in Section 47 of Title 26 of the United States Code and
6 that were paid after December 31, 2000. Qualified rehabilitation
7 expenditures do not include capital expenditures for nonhistoric
8 additions except an addition that is required by state or federal
9 regulations that relate to safety or accessibility. In addition,
10 qualified rehabilitation expenditures do not include expenditures
11 related to the cost of acquisition of the property.

12 I. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2010, for
15 which the credit would otherwise be allowable until the provisions
16 of this subsection shall cease to be operative on July 1, 2012.
17 Beginning July 1, 2012, the credit authorized by this section may be
18 claimed for any event, transaction, investment, expenditure or other
19 act occurring on or after July 1, 2010, according to the provisions
20 of this section. Any tax credits which accrue during the period of
21 July 1, 2010, through June 30, 2012, may not be claimed for any
22 period prior to the taxable year beginning January 1, 2012. No
23 credits which accrue during the period of July 1, 2010, through June
24

1 30, 2012, may be used to file an amended tax return for any taxable
2 year prior to the taxable year beginning January 1, 2012.

3 J. For any credits calculated pursuant to subsection B of this
4 section for expenditures incurred on or after July 1, 2016, the
5 amount of the credit allowed shall be equal to seventy-five percent
6 (75%) of the amount otherwise provided.

7 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.45, is
8 amended to read as follows:

9 Section 2357.45. A. 1. ~~For~~ Except as otherwise provided in
10 subsection E of this section, for tax years beginning after December
11 31, 2004, there shall be allowed against the tax imposed by Section
12 2355 of this title, a credit for any taxpayer who makes a donation
13 to an independent biomedical research institute and for tax years
14 beginning after December 31, 2010, a credit for any taxpayer who
15 makes a donation to a cancer research institute.

16 2. The credit authorized by paragraph 1 of this subsection
17 shall be limited as follows:

18 a. for calendar year 2007 and all subsequent years, the
19 credit percentage, not to exceed fifty percent (50%),
20 shall be adjusted annually so that the total estimate
21 of the credits does not exceed Two Million Dollars
22 (\$2,000,000.00) annually. The formula to be used for
23 the percentage adjusted shall be fifty percent (50%)
24 times One Million Dollars (\$1,000,000.00) divided by

1 the credits claimed in the preceding year for each
2 donation to an independent biomedical research
3 institute and fifty percent (50%) times One Million
4 Dollars (\$1,000,000.00) divided by the credits claimed
5 in the preceding year for each donation to a cancer
6 research institute,

7 b. in no event shall a taxpayer claim more than one
8 credit for a donation to any independent biomedical
9 research institute and one credit for a donation to a
10 cancer research institute in each taxable year nor
11 shall the credit exceed One Thousand Dollars
12 (\$1,000.00) for each taxpayer for each type of
13 donation,

14 c. for tax year 2011, no more than Fifty Thousand Dollars
15 (\$50,000.00) in total tax credits for donations to a
16 cancer research institute shall be allowed,

17 d. in no event shall more than fifty percent (50%) of the
18 Two Million Dollars (\$2,000,000.00) in total tax
19 credits authorized by this section, for any calendar
20 year after ~~the effective date of this act~~ January 1,
21 2011, be allocated for credits for donations to a
22 cancer research institute, and

23 e. in the event the total tax credits authorized by this
24 section exceed One Million Dollars (\$1,000,000.00) in

1 any calendar year for either a cancer research
2 institute or an independent biomedical research
3 institute, the Oklahoma Tax Commission shall permit
4 any excess over One Million Dollars (\$1,000,000.00)
5 but shall factor such excess into the percentage
6 adjustment formula for subsequent years for that type
7 of donation. However, any such adjustment to the
8 formula for donations to an independent biomedical
9 research institute shall not affect the formula for
10 donations to a cancer research institute, and any such
11 adjustment to the formula for donations to a cancer
12 research institute shall not affect the formula for
13 donations to an independent biomedical research
14 institute.

15 3. For purposes of this section, "independent biomedical
16 research institute" means an organization which is exempt from
17 taxation pursuant to the provisions of Section 501(c)(3) of the
18 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
19 focus is conducting peer-reviewed basic biomedical research. The
20 organization shall:

- 21 a. have a board of directors,
- 22 b. be able to accept grants in its own name,
- 23 c. be an identifiable institute that has its own
24 employees and administrative staff, and

1 d. receive at least Fifteen Million Dollars
2 (\$15,000,000.00) in National Institute of Health
3 funding each year.

4 4. For purposes of this section, "cancer research institute"
5 means an organization which is exempt from taxation pursuant to the
6 Internal Revenue Code and whose primary focus is raising the
7 standard of cancer clinical care in Oklahoma through peer-reviewed
8 cancer research and education or a not-for-profit supporting
9 organization, as that term is defined by the Internal Revenue Code,
10 affiliated with a tax-exempt organization whose primary focus is
11 raising the standard of cancer clinical care in Oklahoma through
12 peer-reviewed cancer research and education. The tax-exempt
13 organization whose primary focus is raising the standard of cancer
14 clinical care in Oklahoma through peer-reviewed cancer research and
15 education shall:

16 a. either be an independent research institute or a
17 program that is part of a state university which is a
18 member of The Oklahoma State System of Higher
19 Education, and

20 b. receive at least Four Million Dollars (\$4,000,000.00)
21 in National Cancer Institute funding each year.

22 B. In no event shall the amount of the credit exceed the amount
23 of any tax liability of the taxpayer.

1 C. Any credits allowed but not used in any tax year may be
2 carried over, in order, to each of the four (4) years following the
3 year of qualification.

4 D. The Tax Commission shall have the authority to prescribe
5 forms for purposes of claiming the credit authorized by this
6 section.

7 E. For any credits calculated pursuant to paragraph 2 of
8 subsection A of this section for donations made on or after July 1,
9 2016, the amount of the credit allowed shall be equal to seventy-
10 five percent (75%) of the amount otherwise provided.

11 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.46, is
12 amended to read as follows:

13 Section 2357.46. A. Except as otherwise provided by subsection
14 G of this section, for tax years beginning after December 31, 2005,
15 there shall be allowed a credit against the tax imposed by Section
16 2355 of ~~Title 68 of Oklahoma Statutes~~ this title for eligible
17 expenditures incurred by a contractor in the construction of energy
18 efficient residential property of two thousand (2,000) square feet
19 or less. ~~The~~ Except as otherwise provided by subsection H of this
20 section, the amount of the credit shall be based upon the following:

21 1. For any eligible energy efficient residential property
22 constructed and certified as forty percent (40%) or more above the
23 International Energy Conservation Code 2003 and any supplement in
24 effect at the time of completion, the amount of the credit shall be

1 equal to the eligible expenses, not to exceed Four Thousand Dollars
2 (\$4,000.00) for the taxpayer who is the contractor; and

3 2. For any eligible energy efficient residential property
4 constructed and certified as between twenty percent (20%) and
5 thirty-nine percent (39%) above the International Energy
6 Conservation Code 2003 and any supplement in effect at the time of
7 completion, the credit shall be equal to the eligible expenditures,
8 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who
9 is the contractor.

10 B. As used in this section:

11 1. "Eligible expenditure" means any:

- 12 a. energy efficient heating or cooling system,
- 13 b. insulation material or system which is specifically
14 and primarily designed to reduce the heat gain or loss
15 of a residential property when installed in or on such
16 property,
- 17 c. exterior windows, including skylights,
- 18 d. exterior doors, and
- 19 e. any metal roof installed on a residential property,
20 but only if such roof has appropriate pigmented
21 coatings which are specifically and primarily designed
22 to reduce the heat gain of such dwelling unit and
23 which meet Energy Star program requirements;

24

1 2. "Contractor" means the taxpayer who constructed the
2 residential property or manufactured home, or if more than one
3 taxpayer qualifies as the contractor, the primary contractor; and

4 3. "Eligible energy efficient residential property" means a
5 newly constructed residential property or manufactured home property
6 which is located in the State of Oklahoma and substantially complete
7 after December 31, 2005, and which is two thousand (2,000) square
8 feet or less:

9 a. for the credit provided pursuant to paragraph 1 of
10 subsection A of this section, which is certified by an
11 accredited Residential Energy Services Network
12 Provider using the Home Energy Rating System to have:

13 (1) a level of annual heating and cooling energy
14 consumption which is at least forty percent (40%)
15 below the annual level of heating and cooling
16 energy consumption of a comparable residential
17 property constructed in accordance with the
18 standards of Chapter 4 of the 2003 International
19 Energy Conservation Code, as such code is in
20 effect on ~~the effective date of this act~~ November
21 1, 2005,

22 (2) heating and cooling equipment efficiencies which
23 correspond to the minimum allowed under the
24 regulations established by the Department of

1 Energy pursuant to the National Appliance Energy
2 Conservation Act of 1987 and in effect at the
3 time of construction of the property, and

4 (3) building envelope component improvements which
5 account for at least one-fifth of the reduced
6 annual heating and cooling energy consumption
7 levels,

8 b. for the credit provided pursuant to paragraph 2 of
9 subsection A of this section, which is certified by an
10 accredited Residential Energy Services Network

11 Provider using the Home Energy Rating System to have:

12 (1) a level of annual heating and cooling energy
13 consumption which is between twenty percent (20%)
14 and thirty-nine percent (39%) below the annual
15 level of heating and cooling energy consumption
16 of a comparable residential property constructed
17 in accordance with the standards of Chapter 4 of
18 the 2003 International Energy Conservation Code,
19 as such code is in effect on ~~the effective date~~
20 ~~of this act~~ November 1, 2005,

21 (2) heating and cooling equipment efficiencies which
22 correspond to the minimum allowed under the
23 regulations established by the Department of
24 Energy pursuant to the National Appliance Energy

1 Conservation Act of 1987 and in effect at the
2 time of construction of the property, and

3 (3) building envelope component improvements which
4 account for at least one-third of the reduced
5 annual heating and cooling energy consumption
6 levels.

7 C. The credit provided for in subsection A of this section may
8 only be claimed once for the contractor of any eligible residential
9 energy efficient property during the taxable year when the property
10 is substantially complete.

11 D. If the credit allowed pursuant to this section exceeds the
12 amount of income taxes due or if there are no state income taxes due
13 on the income of the taxpayer, the amount of credit allowed but not
14 used in any taxable year may be carried forward as a credit against
15 subsequent income tax liability for a period not exceeding four (4)
16 years following the qualified expenditures.

17 E. For credits earned on or after ~~the effective date of this~~
18 ~~act~~ July 1, 2006, the credits authorized by this section shall be
19 freely transferable to subsequent transferees.

20 F. The Oklahoma Tax Commission shall promulgate rules necessary
21 to implement this act.

22 G. No credit otherwise authorized by the provisions of this
23 section may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010 for

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

7 H. For any credits calculated pursuant to subsection A of this
8 section for expenditures incurred on or after July 1, 2016, the
9 amount of the credit allowed shall be equal to seventy-five percent
10 (75%) of the amount otherwise provided.

11 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.47, as
12 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
13 Section 2357.47), is amended to read as follows:

14 Section 2357.47. A. 1. Except as otherwise provided in
15 subsection D of this section, for tax years beginning after December
16 31, 2005, and ending before January 1, 2015, there shall be allowed
17 against the tax imposed by Section 2355 of this title, a credit for
18 eligible wages paid by an employer to an employee. The amount of
19 the credit shall be ten percent (10%) of the amount of the gross
20 wages paid to the employee for a period not to exceed ninety (90)
21 days but in no event shall the credit exceed Five Thousand Dollars
22 (\$5,000.00) for each employee of each taxpayer. In no event shall
23 the total credit claimed exceed Twenty-five Thousand Dollars
24 (\$25,000.00) in any one year for any taxpayer.

1 2. Except as otherwise provided by subsection D of this
2 section, for tax years beginning after December 31, 2005, and ending
3 before January 1, 2017, there shall be allowed against the tax
4 imposed by Section 2355 of this title, a credit for eligible
5 modification expenses of an employer. ~~The~~ Except as otherwise
6 provided by subsection E of this section, the amount of the credit
7 shall be fifty percent (50%) of the amount of the funds expended for
8 eligible modification expenses or new tools or equipment but in no
9 event shall the credit exceed One Thousand Dollars (\$1,000.00) for
10 eligible modification expenses incurred for any single employee. In
11 no event shall the total credit claimed exceed Ten Thousand Dollars
12 (\$10,000.00) in any year for any taxpayer.

13 3. As used in this section:

- 14 a. "employee", "employer", "maximum medical improvement",
15 "treating physician", and "wages" shall be defined as
16 in Title 85 A of the Oklahoma Statutes,
- 17 b. "eligible wages" means gross wages paid by an employer
18 to an employee who is injured as a result of an injury
19 which is compensable under Title 85 A of the Oklahoma
20 Statutes and which are paid beginning when the
21 employee returns to work with restricted duties as
22 provided by the employee's treating physician or an
23 independent medical examiner before the employee has
24 reached maximum medical improvement, and ending after

1 ninety (90) days or when the employee has reached
2 maximum medical improvement, and

3 c. "eligible modification expenses" means expenses
4 incurred by an employer to modify a workplace, tools
5 or equipment or to obtain new tools or equipment and
6 which are incurred by an employer solely to enable a
7 specific injured employee who is injured as a result
8 of an injury which is compensable under the Workers'
9 Compensation Act to return to work with restricted
10 duties as provided by the employee's treating
11 physician or an independent medical examiner before
12 the employee has reached maximum medical improvement,
13 and which workplace, tools or equipment are used
14 primarily by the injured employee.

15 B. In no event shall the amount of the credit(s) exceed the
16 amount of any tax liability of the taxpayer.

17 C. The Oklahoma Tax Commission shall have the authority to
18 promulgate rules necessary to effectuate the purposes of this
19 section.

20 D. No credit otherwise authorized by the provisions of this
21 section may be claimed for any event, transaction, investment,
22 expenditure or other act occurring on or after July 1, 2010, for
23 which the credit would otherwise be allowable. The provisions of
24 this subsection shall cease to be operative on July 1, 2012.

1 Beginning July 1, 2012, the credit authorized by this section may be
2 claimed for any event, transaction, investment, expenditure or other
3 act occurring on or after July 1, 2012, according to the provisions
4 of this section.

5 E. For any credits claimed pursuant to paragraph 2 of
6 subsection A of this section for eligible modification expenses made
7 on or after July 1, 2016, the amount of the credit allowed shall be
8 equal to seventy-five percent (75%) of the amount otherwise
9 provided.

10 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.104,
11 is amended to read as follows:

12 Section 2357.104. A. Except as otherwise provided by
13 subsection G of this section, for taxable years beginning after
14 December 31, 2005, there shall be allowed a credit against the tax
15 imposed by Section 2355 of this title equal to fifty percent (50%)
16 of an eligible taxpayer's qualified railroad reconstruction or
17 replacement expenditures.

18 B. 1. Except as provided in paragraph 2 of this subsection and
19 subsection H of this section, the amount of the credit shall be
20 limited to the product of Five Hundred Dollars (\$500.00) for tax
21 year 2007 and Two Thousand Dollars (\$2,000.00) for tax year 2008 and
22 subsequent tax years and the number of miles of railroad track owned
23 or leased within this state by the eligible taxpayer as of the close
24 of the taxable year.

1 2. In tax year 2009 and subsequent tax years, a taxpayer may
2 elect to increase the limit provided in paragraph 1 of this
3 subsection to an amount equal to three times the limit specified in
4 paragraph 1 of this subsection for qualified expenditures made in
5 the tax year, provided the taxpayer may only claim one third (1/3)
6 of the credit in any one taxable period.

7 C. The credit allowed pursuant to subsection A of this section
8 but not used shall be freely transferable, by written agreement, to
9 subsequent transferees at any time during the five (5) years
10 following the year of qualification. An eligible transferee shall
11 be any taxpayer subject to the tax imposed by Section 2355 of this
12 title. The person originally allowed the credit and the subsequent
13 transferee shall jointly file a copy of the written credit transfer
14 agreement with the Oklahoma Tax Commission within thirty (30) days
15 of the transfer. The written agreement shall contain the name,
16 address and taxpayer identification number of the parties to the
17 transfer, the amount of credit being transferred, the year the
18 credit was originally allowed to the transferring person and the tax
19 year or years for which the credit may be claimed. The Tax
20 Commission shall promulgate rules to permit verification of the
21 timeliness of a tax credit claimed upon a tax return pursuant to
22 this subsection but shall not promulgate any rules which unduly
23 restrict or hinder the transfers of such tax credit. The Department
24 of Transportation shall promulgate rules to permit verification of

1 the eligibility of an eligible taxpayer's expenditures for the
2 purpose of claiming the credit. The rules shall provide for the
3 approval of qualified railroad reconstruction or replacement
4 expenditures prior to commencement of a project and provide a
5 certificate of verification upon completion of a project that uses
6 qualified railroad reconstruction or replacement expenditures. The
7 certificate of verification shall satisfy all requirements of the
8 Tax Commission pertaining to the eligibility of the person claiming
9 the credit.

10 D. Any credits allowed pursuant to the provisions of subsection
11 A of this section but not used in any tax year may be carried over
12 in order to each of the five (5) years following the year of
13 qualification.

14 E. A taxpayer who elects to increase the limitation on the
15 credit under paragraph 2 of subsection B of this section shall not
16 be granted additional credits under subsection A of this section
17 during the period of such election.

18 F. As used in this section:

19 1. "Class II and Class III railroad" means a railroad that is
20 classified by the United States Surface Transportation Board as a
21 Class II or Class III railroad;

22 2. "Eligible taxpayer" means any Class II or Class III
23 railroad; and
24

1 3. "Qualified railroad reconstruction or replacement
2 expenditures" means expenditures for:

- 3 a. reconstruction or replacement of railroad
4 infrastructure including track, roadbed, bridges,
5 industrial leads and track-related structures owned or
6 leased by a Class II or Class III railroad as of
7 January 1, 2006, or
8 b. new construction of industrial leads, switches, spurs
9 and sidings and extensions of existing sidings by a
10 Class II or Class III railroad.

11 G. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after July 1, 2010, for
14 which the credit would otherwise be allowable. The provisions of
15 this subsection shall cease to be operative on July 1, 2012.
16 Beginning July 1, 2012, the credit authorized by this section may be
17 claimed for any event, transaction, investment, expenditure or other
18 act occurring on or after July 1, 2012, according to the provisions
19 of this section.

20 H. For any credits calculated pursuant to subsection B of this
21 section for expenditures made on or after July 1, 2016, the amount
22 of the credit allowed shall be equal to seventy-five percent (75%)
23 of the amount otherwise provided.

1 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.206,
2 as last amended by Section 1, Chapter 361, O.S.L. 2015 (68 O.S.
3 Supp. 2015, Section 2357.206), is amended to read as follows:

4 Section 2357.206. A. This act shall be known and may be cited
5 as the "Oklahoma Equal Opportunity Education Scholarship Act".

6 B. 1. Except as provided in subsection F of this section,
7 after August 26, 2011, there shall be allowed a credit for any
8 taxpayer who makes a contribution to an eligible scholarship-
9 granting organization. ~~The~~ Except as otherwise provided in
10 subsection M of this section, the credit shall be equal to fifty
11 percent (50%) of the total amount of contributions made during a
12 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
13 single individuals, Two Thousand Dollars (\$2,000.00) for married
14 individuals filing jointly, or One Hundred Thousand Dollars
15 (\$100,000.00) for any taxpayer which is a legal business entity
16 including limited and general partnerships, corporations, subchapter
17 S corporations and limited liability companies; provided, if total
18 credits claimed pursuant to this paragraph exceed the caps
19 established pursuant to paragraph 1 of subsection D of this section,
20 the credit shall be equal to the taxpayer's proportionate share of
21 the cap for the taxable year, as determined pursuant to subsection H
22 of this section.

23 2. For any taxpayer who makes a contribution to an eligible
24 scholarship-granting organization and makes a written commitment to

1 contribute the same amount for an additional year, the credit for
2 the first year and the additional year shall be equal to seventy-
3 five percent (75%) of the total amount of the contribution made
4 during a taxable year, not to exceed the amounts established in
5 paragraph 1 of this subsection for the taxable year in which the
6 credit provided in this subsection is claimed. The taxpayer shall
7 provide evidence of the written commitment to the Oklahoma Tax
8 Commission at the time of filing the refund claim.

9 3. The credits authorized pursuant to the provisions of this
10 subsection shall be allocable to the partners, shareholders, members
11 or other equity owners of a taxpayer that is authorized to be
12 treated as a partnership for purposes of federal income tax
13 reporting for the taxable year for which the tax credits authorized
14 by this subsection are claimed on the applicable return, together
15 with required schedules, forms or reports of the partners,
16 shareholders, members or other equity owners of the taxpayer. Tax
17 credits which are allocated to such equity owners shall only be
18 limited in amount for the income tax return of a natural person or
19 persons based upon the limitation of the total credit amount to the
20 entity from which the tax credits have been allocated and shall not
21 be limited to One Thousand Dollars (\$1,000.00) for single
22 individuals or limited to Two Thousand Dollars (\$2,000.00) for
23 married persons filing a joint return.

24

1 4. On or before December 31, 2017, and once every four (4)
2 years thereafter, such scholarship-granting organization and
3 educational improvement granting organization shall submit to the
4 Governor, President Pro Tempore of the Senate and the Speaker of the
5 House of Representatives, an audited financial statement for the
6 organization along with information detailing the benefits,
7 successes or failures of the program.

8 C. 1. Except as provided in ~~subsection F~~ subsections F and M
9 of this section, after August 26, 2011, there shall be allowed a
10 credit for any taxpayer who makes a contribution to an eligible
11 educational improvement grant organization. The credit shall be
12 equal to fifty percent (50%) of the total amount of contributions
13 made during a taxable year, not to exceed One Thousand Dollars
14 (\$1,000.00) for single individuals, Two Thousand Dollars (\$2,000.00)
15 for married individuals filing jointly, or One Hundred Thousand
16 Dollars (\$100,000.00) for any taxpayer which is a legal business
17 entity including limited and general partnerships, corporations,
18 subchapter S corporations and limited liability companies; provided,
19 if total credits claimed pursuant to this paragraph exceed the cap
20 established pursuant to paragraph 2 of subsection D of this section,
21 the credit shall be equal to the taxpayer's proportionate share of
22 the cap for the taxable year, as determined pursuant to subsection H
23 of this section.

24

1 2. For any taxpayer who makes a contribution to an eligible
2 educational improvement grant organization and makes a written
3 commitment to contribute the same amount for an additional year, the
4 credit for the first year and the additional year shall be equal to
5 seventy-five percent (75%) of the total amount of the contribution
6 made during a taxable year, not to exceed the amounts established in
7 paragraph 1 of this subsection for the taxable year in which the
8 credit provided in this subsection is claimed; provided, if total
9 credits claimed pursuant to this paragraph exceed the cap
10 established pursuant to paragraph 3 of this subsection, the credit
11 shall be equal to the taxpayer's proportionate share of the cap for
12 the taxable year, as determined pursuant to subsection H of this
13 section. The taxpayer shall provide evidence of the written
14 commitment to the Oklahoma Tax Commission at the time of filing the
15 refund claim.

16 3. The credits authorized pursuant to the provisions of this
17 subsection shall be allocable to the partners, shareholders, members
18 or other equity owners of a taxpayer that is authorized to be
19 treated as a partnership for purposes of federal income tax
20 reporting for the taxable year for which the tax credits authorized
21 by this subsection are claimed on the applicable return, together
22 with required schedules, forms or reports of the partners,
23 shareholders, members or other equity owners of the taxpayer. Tax
24 credits which are allocated to such equity owners shall only be

1 limited in amount for the income tax return of a natural person or
2 persons based upon the limitation of the total credit amount to the
3 entity from which the tax credits have been allocated and shall not
4 be limited to One Thousand Dollars (\$1,000.00) for single
5 individuals or limited to Two Thousand Dollars (\$2,000.00) for
6 married persons filing a joint return.

7 D. 1. The total credits authorized pursuant to subsection B of
8 this section for all taxpayers shall not exceed Three Million Five
9 Hundred Thousand Dollars (\$3,500,000.00) annually.

10 2. The total credits authorized pursuant to subsection C of
11 this section for all taxpayers shall not exceed One Million Five
12 Hundred Thousand Dollars (\$1,500,000.00) annually.

13 3. The cap on total credits provided for in this subsection
14 shall be allocated by the Tax Commission as provided in subsection H
15 of this section.

16 E. For credits claimed for eligible contributions made during
17 tax year 2014 and thereafter, a credit shall not be allowed by the
18 Oklahoma Tax Commission for contributions made to a scholarship-
19 granting organization or an educational improvement grant
20 organization if that organization's percentage of funds actually
21 awarded is less than ninety percent (90%). For purposes of this
22 section, the "percentage of funds actually awarded" shall be
23 determined by dividing the total amount of funds actually awarded as
24 educational scholarships or educational improvement grants over the

1 most recent twenty-four (24) months by the total amount available to
2 award as educational scholarships or educational improvement grants
3 over the most recent twenty-four (24) months.

4 F. Any tax credits which are earned by a taxpayer pursuant to
5 this section during the time period beginning on ~~the effective date~~
6 ~~of this act~~ August 26, 2011, through December 31, 2012, may not be
7 claimed for any period prior to the taxable year beginning January
8 1, 2013. No credits which accrue during the time period beginning
9 on ~~the effective date of this act~~ August 26, 2011, through December
10 31, 2012, may be used to file an amended tax return for any taxable
11 year prior to the taxable year beginning January 1, 2013.

12 G. As used in this section:

13 1. "Eligible student" means a child of school age who is
14 lawfully present in the United States and who is a member of a
15 household in which the total annual income during the preceding tax
16 year does not exceed an amount equal to three hundred percent (300%)
17 of the income standard used to qualify for a free or reduced school
18 lunch or who, during the immediately preceding school year, attended
19 or, by virtue of the location of such student's place of residence,
20 was eligible to attend a public school in this state which has been
21 identified for school improvement as determined by the State Board
22 of Education pursuant to the requirements of the No Child Left
23 Behind Act of 2001, P.L. No. 107-110. Once a student has received
24 an educational scholarship, as defined in paragraph 3 of this

1 subsection, the student and any siblings who are members of the same
2 household shall remain eligible until they graduate from high school
3 or reach twenty-one (21) years of age, whichever occurs first;

4 2. "Eligible special needs student" means a child who has been
5 provided services under an Individual Family Service Plan through
6 the SoonerStart program and during transition was evaluated and
7 determined to be eligible for school district services, a child of
8 school age who has attended public school in our state with an
9 individualized education program pursuant to the Individuals With
10 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a
11 child who has been diagnosed by a clinical professional as having a
12 significant disability that will affect learning and who has been
13 approved by the board of a scholarship-granting organization;

14 3. "Educational scholarships" means:

15 a. scholarships to an eligible student of up to Five
16 Thousand Dollars (\$5,000.00) or eighty percent (80%)
17 of the statewide annual average per-pupil expenditure
18 as determined by the National Center for Education
19 Statistics, U.S. Department of Education, whichever is
20 greater, to cover all or part of the tuition, fees and
21 transportation costs of a qualified school which is
22 accredited by the State Board of Education or an
23 accrediting association approved by the Board pursuant
24 to Section 3-104 of Title 70 of the Oklahoma Statutes,

1 b. scholarships to an eligible student of up to Five
2 Thousand Dollars (\$5,000.00) or eighty percent (80%)
3 of the statewide annual average per-pupil expenditure
4 as determined by the National Center for Education
5 Statistics, U.S. Department of Education, whichever is
6 greater, to cover the educational costs of a qualified
7 school which does not charge tuition, which enrolls
8 special populations of students and which is
9 accredited by the State Board of Education or an
10 accrediting association approved by the Board pursuant
11 to Section 3-104 of Title 70 of the Oklahoma Statutes,
12 or

13 c. scholarships to an eligible special needs student of
14 up to Twenty-five Thousand Dollars (\$25,000.00) to
15 cover all or part of the tuition, fees and
16 transportation costs of a qualified school for
17 eligible special needs students which is accredited by
18 the State Board of Education or an accrediting
19 association approved by the Board pursuant to Section
20 3-104 of Title 70 of the Oklahoma Statutes;

21 4. "Low-income eligible student" means an eligible student or
22 eligible special needs student who qualifies for a free or reduced-
23 price lunch;

1 5. "Qualified school" means an early childhood, elementary or
2 secondary private school in this state, including schools which
3 provide special educational programs for three-year-olds or
4 prekindergarten educational programs for four-year-olds, which:

- 5 a. is accredited by the State Board of Education or an
6 accrediting association approved by the Board pursuant
7 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 8 b. is in compliance with all applicable health and safety
9 laws and codes,
- 10 c. has a stated policy against discrimination in
11 admissions on the basis of race, color, national
12 origin or disability, and
- 13 d. ensures academic accountability to parents and
14 guardians of students through regular progress
15 reports;

16 6. "Qualified school for eligible special needs students" means
17 an early childhood, elementary or secondary private school in a
18 county in this state, including schools which provide special
19 educational programs for three-year-olds or prekindergarten
20 educational programs for four-year-olds;

21 7. "Scholarship-granting organization" means an organization
22 which:
23
24

- 1 a. is a nonprofit entity exempt from taxation pursuant to
2 the provisions of the Internal Revenue Code, 26
3 U.S.C., Section 501(c)(3),
- 4 b. distributes periodic scholarship payments as checks
5 made out to an eligible student's or eligible special
6 needs student's parent or guardian and mailed to the
7 qualified school where the student is enrolled,
- 8 c. spends no more than ten percent (10%) of its annual
9 revenue on expenditures other than educational
10 scholarships as defined in paragraph 3 of this
11 subsection,
- 12 d. spends each year a portion of its expenditures on
13 educational scholarships for low-income eligible
14 students, as defined in paragraph 4 of this
15 subsection, in an amount equal to or greater than the
16 percentage of low-income eligible students in the
17 state,
- 18 e. ensures that scholarships are portable during the
19 school year and can be used at any qualified school
20 that accepts the eligible student or at any qualified
21 school for special needs students that accepts the
22 eligible special needs student,
- 23 f. registers with the Oklahoma Tax Commission as a
24 scholarship-granting organization, and

1 g. has policies in place to:

2 (1) carry out criminal background checks on all
3 employees and board members to ensure that no
4 individual is involved with the organization who
5 might reasonably pose a risk to the appropriate
6 use of contributed funds, and

7 (2) maintain full and accurate records with respect
8 to the receipt of contributions and expenditures
9 of those contributions and supply such records
10 and any other documentation required by the Tax
11 Commission to demonstrate financial
12 accountability;

13 8. "Annual revenue" means the total amount or value of
14 contributions received by an organization from taxpayers awarded
15 credits during the organization's fiscal year and all amounts earned
16 from interest or investments;

17 9. "Public school" means public schools as defined in Section
18 1-106 of Title 70 of the Oklahoma Statutes;

19 10. "Eligible school" means any public school that is not
20 located within a ten-mile radius of a qualified school in this
21 state, or any public school that is located within a ten-mile radius
22 of a qualified school in this state but offers grade-level
23 instruction different from the qualified school or any public school

24

1 located within a public school district with fewer than four
2 thousand five hundred (4,500) students;

3 11. "Early childhood education program" means a special
4 educational program for eligible special needs students who are
5 three (3) years of age or a prekindergarten educational program
6 provided to children who are at least four (4) years of age but not
7 more than five (5) years of age on or before September 1;

8 12. "Innovative educational program" means an advanced academic
9 or academic improvement program that is not part of the regular
10 coursework of a public school but that enhances the curriculum or
11 academic program of the school or provides early childhood education
12 programs to students;

13 13. "Educational improvement grant" means a grant to an
14 eligible public school to implement an innovative educational
15 program for students, including the ability for multiple public
16 schools to make an application and be awarded a grant to jointly
17 provide an innovative educational program; and

18 14. "Educational improvement grant organization" means an
19 organization which:

- 20 a. is a nonprofit entity exempt from taxation pursuant to
21 the provisions of the Internal Revenue Code, 26
22 U.S.C., Section 501(c)(3), and
23 b. contributes at least ninety percent (90%) of its
24 annual receipts as grants to eligible schools for

1 innovative educational programs. For purposes of this
2 subparagraph, an educational improvement grant
3 organization contributes its annual cash receipts when
4 it expends or otherwise irrevocably encumbers those
5 funds for expenditure during the then current fiscal
6 year of the organization or during the next succeeding
7 fiscal year of the organization.

8 H. Total credits authorized by this section shall be allocated
9 as follows:

10 1. By January 10 of the year immediately following each
11 calendar year, a scholarship-granting organization or an educational
12 improvement grant organization which accepts contributions pursuant
13 to this section shall provide electronically to the Tax Commission
14 information on each contribution accepted during such taxable year.
15 At least once each taxable year, the scholarship-granting
16 organization or the educational improvement grant organization shall
17 notify each contributor that Oklahoma law provides for a total,
18 statewide cap on the amount of income tax credits allowed annually;

19 2. a. If the Tax Commission determines the total combined
20 credits claimed for contributions made to scholarship-
21 granting organizations during the most recently
22 completed calendar year by all taxpayers are in excess
23 of the statewide caps provided in paragraph 1 of
24 subsection D of this section, the Tax Commission shall

1 determine the percentage of the contribution which
2 establishes the proportionate share of the credit
3 which may be claimed by any taxpayer so that the
4 maximum credits authorized by this section are not
5 exceeded.

6 b. If the Tax Commission determines the total combined
7 credits claimed for contributions made to educational
8 improvement grant organizations during the most
9 recently completed calendar year by all taxpayers are
10 in excess of the statewide caps provided in paragraph
11 2 of subsection D of this section, the Tax Commission
12 shall determine the percentage of the contribution
13 which establishes the proportionate share of the
14 credit which may be claimed by any taxpayer so that
15 the maximum credits authorized by this section are not
16 exceeded; and

17 3. The Tax Commission shall publish the percentage of the
18 contribution which may be claimed as a credit by contributors for
19 the most recently completed calendar year on the Tax Commission
20 website no later than February 15 of each calendar year for
21 contributions made the previous year. Each scholarship-granting
22 organization or educational improvement grant organization shall
23 notify contributors of that amount annually.

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

3 J. Any credits allowed but not used in any tax year may be
4 carried over, in order, to each of the three (3) years following the
5 year of qualification.

6 K. 1. In order to qualify under this section, an educational
7 improvement grant organization shall submit an application with
8 information to the Oklahoma Tax Commission on a form prescribed by
9 the Tax Commission that:

10 a. enables the Tax Commission to confirm that the
11 organization is a nonprofit entity exempt from
12 taxation pursuant to the provisions of the Internal
13 Revenue Code, 26 U.S.C., Section 501(c)(3), and

14 b. describes the proposed innovative educational program
15 or programs supported by the organization.

16 2. The Tax Commission shall review and approve or disapprove
17 the application, in consultation with the State Department of
18 Education.

19 3. In order to maintain eligibility under this section, an
20 educational improvement grant organization shall annually report the
21 following information to the Tax Commission by September 1 of each
22 year:

23 a. the name of the innovative educational program or
24 programs and the total amount of the grant or grants

1 made to those programs during the immediately
2 preceding school year,

3 b. a description of how each grant was utilized during
4 the immediately preceding school year and a
5 description of any demonstrated or expected innovative
6 educational improvements,

7 c. the names of the public school and school districts
8 where innovative educational programs that received
9 grants during the immediately preceding school year
10 were implemented,

11 d. where the organization collects information on a
12 county-by-county basis, and

13 e. the total number and total amount of grants made
14 during the immediately preceding school year for
15 innovative educational programs at public school by
16 each county in which the organization made grants.

17 4. The information required under paragraph 3 of this
18 subsection shall be submitted on a form provided by the Tax
19 Commission. No later than May 1 of each year, the Tax Commission
20 shall annually distribute sample forms together with the forms on
21 which the reports are required to be made to each approved
22 organization.

1 5. The Tax Commission shall not require any other information
2 be provided by an organization, except as expressly authorized in
3 this section.

4 L. In consultation with the State Department of Education, the
5 Tax Commission shall promulgate rules necessary to implement this
6 act. The rules shall include procedures for the registration of a
7 scholarship-granting organization or an educational improvement
8 grant organization for purposes of determining if the organization
9 meets the requirements of this act or for the revocation of the
10 registration of an organization, if applicable, and for notice as
11 required in subsection H of this section.

12 M. For any credits calculated pursuant to subsections B and C
13 of this section for contributions made on or after July 1, 2016, the
14 amount of the credit allowed shall be equal to seventy-five percent
15 (75%) of the amount otherwise provided.

16 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.302,
17 as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
18 2015, Section 2357.302), is amended to read as follows:

19 Section 2357.302. A. Except as provided in subsection F of
20 this section, for taxable years beginning after December 31, 2008,
21 and ending before January 1, 2018, a qualified employer shall be
22 allowed a credit against the tax imposed pursuant to Section 2355 of
23 this title for tuition reimbursed to a qualified employee.

24

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

5 C. ~~The~~ Except as otherwise provided pursuant to subsection G of
6 this section, the credit authorized by subsection A of this section
7 shall be in the amount of fifty percent (50%) of the tuition
8 reimbursed to a qualified employee for the first through fourth
9 years of employment. In no event shall this credit exceed fifty
10 percent (50%) of the average annual amount paid by a qualified
11 employee for enrollment and instruction in a qualified program at a
12 public institution in Oklahoma.

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

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

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

1 act occurring on or after July 1, 2011, according to the provisions
2 of this section.

3 G. For any credits calculated pursuant to subsection C of this
4 section for tuition reimbursement made on or after July 1, 2016, the
5 amount of the credit allowed shall be equal to seventy-five percent
6 (75%) of the amount otherwise provided.

7 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.303,
8 as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
9 2015, Section 2357.303), is amended to read as follows:

10 Section 2357.303. A. Except as provided in subsection F of
11 this section, for taxable years beginning after December 31, 2008,
12 and ending before January 1, 2018, a qualified employer shall be
13 allowed a credit against the tax imposed pursuant to Section 2355 of
14 this title for compensation paid to a qualified employee.

15 B. ~~The~~ Except as otherwise provided in subsection G of this
16 section, the credit authorized by subsection A of this section shall
17 be in the amount of:

18 1. Ten percent (10%) of the compensation paid for the first
19 through fifth years of employment in the aerospace sector if the
20 qualified employee graduated from an institution located in this
21 state; or

22 2. Five percent (5%) of the compensation paid for the first
23 through fifth years of employment in the aerospace sector if the
24

1 qualified employee graduated from an institution located outside
2 this state.

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

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

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

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

20 G. For any credits calculated pursuant to subsection B of this
21 section for compensation paid on or after July 1, 2016, the amount
22 of credit allowed shall be equal to seventy-five percent (75%) of
23 the amount otherwise allowed.

24

1 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.304,
2 as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
3 2015, Section 2357.304), is amended to read as follows:

4 Section 2357.304. A. Except as provided in ~~subsection D~~
5 subsections D and E of this section, for taxable years beginning
6 after December 31, 2008, and ending before January 1, 2018, a
7 qualified employee shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title of up to Five Thousand
9 Dollars (\$5,000.00) per year for a period of time not to exceed five
10 (5) years.

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

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

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

24

1 E. For any credits calculated pursuant to subsection A of this
2 section, the amount of credit allowed shall be equal to:

3 1. One Thousand Eight Hundred Seventy-five Dollars (\$1,875.00)
4 for income earned from July 1, 2016, through December 31, 2016; and

5 2. Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) for
6 each tax year beginning on or after January 1, 2017.

7 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.401,
8 as amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp.
9 2015, Section 2357.401), is amended to read as follows:

10 Section 2357.401. A. Except as otherwise provided by
11 subsections B ~~and~~, C and F of this section, for taxable years
12 beginning January 1, 2009, and ending before January 1, 2017, there
13 shall be allowed a credit against the tax imposed pursuant to
14 Section 2355 of this title in the amount of all electronic funds
15 transfers fees paid by an individual or entity pursuant to Section
16 2-503.1j of Title 63 of the Oklahoma Statutes.

17 B. For any fees paid by a person or entity for the taxable year
18 beginning January 1, 2009, the credit otherwise authorized by this
19 section shall not be claimed for an individual prior to January 1,
20 2011. Subject to the requirements of this subsection, an individual
21 taxpayer shall be able to claim the credit authorized by this
22 section for all fees paid during the tax year ending December 31,
23 2009, and the tax year ending December 31, 2010, on the income tax
24 return filed for the tax year ending December 31, 2010.

1 C. For any fees paid by an entity other than a natural person
2 for the taxable year beginning January 1, 2009, the credit otherwise
3 authorized by this section shall not be claimed on an income tax
4 return prior to January 1, 2011. Subject to the requirements of
5 this subsection, an entity other than a natural person shall be able
6 to claim the credit authorized by this section for all fees paid
7 during a tax year ending at any time during calendar year 2009 and
8 for all fees paid during calendar year 2010 on the income tax return
9 filed for the tax year ending not later than December 31, 2010.

10 D. The credit authorized by this section shall not be used to
11 reduce the income tax liability of the taxpayer to less than zero
12 (0).

13 E. To the extent not used in any taxable year, the credit
14 authorized by this section may be carried over, in order, to each of
15 the five (5) succeeding taxable years.

16 F. For any credits calculated pursuant to subsection A of this
17 section for fees paid on or after July 1, 2016, the amount of credit
18 allowed shall be equal to seventy-five percent (75%) of the amount
19 otherwise provided.

20 SECTION 17. AMENDATORY Section 1, Chapter 421, O.S.L.
21 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as
22 follows:

23 Section 2357.403. A. This act shall be known and may be cited
24 as the "Oklahoma Affordable Housing Act".

1 B. As used in this section:

2 1. "Allocation year" means the year for which the Oklahoma
3 Housing Finance Agency allocates credits pursuant to this section;

4 2. "Eligibility statement" means a statement authorized and
5 issued by the Oklahoma Housing Finance Agency certifying that a
6 given project qualifies for the Oklahoma Affordable Housing Tax
7 Credit authorized by this section. The Oklahoma Housing Finance
8 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
9 36, Affordable Housing Tax Credit Program Rules, shall promulgate
10 rules establishing criteria upon which the eligibility statements
11 will be issued. The eligibility statement shall specify the amount
12 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
13 project. The Oklahoma Housing Finance Agency shall only authorize
14 the tax credits created by this section to qualified projects which
15 are placed in service after July 1, 2015, but which shall not be
16 used to reduce tax liability accruing prior to January 1, 2016;

17 3. "Federal low-income housing tax credit" means the federal tax
18 credit as provided in Section 42 of the Internal Revenue Code of
19 1986, as amended;

20 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
21 created by this section;

22 5. "Qualified project" means a qualified low-income building as
23 that term is defined in Section 42 of the Internal Revenue Code of
24 1986, as amended, which is located in this state in a county with a

1 population of less than one hundred fifty thousand (150,000)
2 according to the latest Federal Decennial Census; and

3 6. "Taxpayer" means a person, firm or corporation subject to the
4 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
5 this title or an insurance company subject to the tax imposed by
6 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other
7 financial institution subject to the tax imposed by Section 2370 of
8 ~~Title 68 of the Oklahoma Statutes~~ this title.

9 C. For qualified projects placed in service after July 1, 2015,
10 the amount of state tax credits created by this section which are
11 allocated to a project shall be equal to that of the federal low-
12 income housing tax credits for a qualified project. ~~The~~ Except as
13 otherwise provided in subsection L of this section, the total
14 Oklahoma Affordable Housing Tax Credits allocated to all qualified
15 projects for an allocation year shall not exceed Four Million Dollars
16 (\$4,000,000.00). For purposes of this section, the "credit period"
17 shall mean the period of ten (10) taxable years and "placed in
18 service" shall have the same meaning as is applicable under the
19 federal credit program.

20 D. A taxpayer owning an interest in an investment in a qualified
21 project shall be allowed Oklahoma Affordable Housing Tax Credits
22 under this section for tax years beginning on or after January 1,
23 2016, if the Oklahoma Housing Finance Agency issues an eligibility
24 statement for such project, which tax credit shall be allocated

1 among some or all of the partners, members or shareholders of the
2 taxpayer owning such interest in any manner agreed to by such
3 partners, members or shareholders. Such taxpayer may assign its
4 interest in the investment.

5 E. An insurance company claiming a credit against state premium
6 tax or retaliatory tax or any other tax imposed by Section 624 or 628
7 of Title 36 of the Oklahoma Statutes shall not be required to pay
8 any additional retaliatory tax under Section 628 of Title 36 of the
9 Oklahoma Statutes as a result of claiming the credit. The credit
10 may fully offset any retaliatory tax imposed by Section 628 of Title
11 36 of the Oklahoma Statutes.

12 F. The credit authorized by this section shall not be used to
13 reduce the tax liability of the taxpayer to less than zero (\$0.00).

14 G. Any credit claimed but not used in a taxable year may be
15 carried forward to each of the five (5) subsequent taxable years.

16 H. The owner of a qualified project eligible for the credit
17 authorized by this section shall submit, at the time of filing the
18 tax return with the Oklahoma Tax Commission, an eligibility
19 statement from the Oklahoma Housing Finance Agency. In the case of
20 failure to attach the eligibility statement, no credit under this
21 section shall be allowed with respect to such project for that year
22 until required documents are provided to the Tax Commission.

23 I. If under Section 42 of the Internal Revenue Code of 1986, as
24 amended, a portion of any federal low-income housing credits taken on

1 a qualified project is required to be recaptured during the first ten
2 (10) years after a project is placed in service, the taxpayer
3 claiming Oklahoma Affordable Housing Tax Credits with respect to such
4 project shall also be required to recapture a portion of such
5 credits. The amount of Oklahoma Affordable Housing Tax Credits
6 subject to recapture shall be proportionally equal to the amount of
7 federal low-income housing credits subject to recapture.

8 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
9 Commission may require the filing of additional documentation
10 necessary to determine the accuracy of a tax credit claimed.

11 K. The Oklahoma Affordable Housing Act shall undergo a review
12 every five (5) years by a committee of nine (9) persons, to be
13 appointed three persons each by the Governor, President Pro Tempore of
14 the Oklahoma State Senate and the Speaker of the Oklahoma House of
15 Representatives.

16 L. For any credits calculated pursuant to subsection C of this
17 section, the total amount of credit allocated to all projects shall
18 be equal to:

19 1. Two Million Dollars (\$2,000,000.00) for projects placed in
20 service before July 1, 2016;

21 2. One Million Five Hundred Thousand Dollars (\$1,500,000.00)
22 for projects placed in service on or after July 1, 2016, and before
23 January 1, 2017; and

24

1 3. Three Million Dollars (\$3,000,000.00) for projects placed in
2 service during any allocation year which begins on or after January
3 1, 2017.

4 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2358.7, as
5 amended by Section 2, Chapter 161, O.S.L. 2012 (68 O.S. Supp. 2015,
6 Section 2358.7), is amended to read as follows:

7 Section 2358.7. A. ~~For~~ Except as otherwise provided by
8 subsection G of this section, for taxable years beginning after
9 December 31, 2004, there shall be allowed as a credit against the
10 tax imposed pursuant to Section 2355 of this title an amount equal
11 to:

12 1. Two Hundred Dollars (\$200.00) each year for which a
13 volunteer firefighter provides proof of certification as required by
14 subsection B of this section; and

15 2. Four Hundred Dollars (\$400.00) each year following the
16 taxable years for which a taxpayer is eligible for the credit
17 provided by paragraph 1 of this subsection for a volunteer
18 firefighter providing proof of certification as required by
19 subsection D of this section.

20 B. In order to claim the tax credit authorized by paragraph 1
21 of subsection A of this section, a volunteer firefighter shall be
22 required to provide adequate documentation to the Oklahoma Tax
23 Commission of at least twelve (12) credited hours toward the State
24 Support or State Basic Firefighter or Firefighter I from an

1 internationally recognized accrediting assembly or board, their
2 equivalent, or other related fire or emergency medical services
3 training approved by the Council on Firefighter Training and offered
4 by Oklahoma State University Fire Service Training or Oklahoma
5 Department of Career and Technology Education prior to or during the
6 first taxable year for which a tax credit is claimed pursuant to
7 paragraph 1 of subsection A of this section. For the purpose of
8 this subsection, the local fire chief shall be the authority having
9 jurisdiction and shall choose and approve all volunteer firefighter
10 training in the applicable department.

11 C. For each year subsequent to the first year for which a
12 volunteer firefighter may claim the tax credit authorized by
13 paragraph 1 of subsection A of this section, in order to claim any
14 further tax credits pursuant to paragraph 1 of subsection A of this
15 section, the volunteer firefighter shall be required to provide
16 documentation that the firefighter has completed an additional six
17 (6) hours of State Support or State Basic Firefighter or Firefighter
18 I from an internationally recognized accrediting assembly or board,
19 their equivalent, or other related fire or emergency medical
20 services training approved by the Council on Firefighter Training
21 until such program or its equivalent is completed. For purposes of
22 this subsection, equivalency shall be determined by the Oklahoma
23 Council on Firefighter Training and Oklahoma State University Fire
24 Service Training. For purposes of this subsection, Firefighter I or

1 Firefighter II certifications or their equivalents may be provided
2 in lieu of the State Support or State Basic Firefighter completion.

3 D. After having completed the State Support or State Basic
4 Firefighter program, in order to be eligible for the tax credit
5 authorized by paragraph 2 of subsection A of this section, the
6 volunteer firefighter shall:

7 1. Complete at least six (6) hours of continuing education each
8 year until the volunteer firefighter completes Intermediate or
9 Advanced Firefighter or Firefighter I from an internationally
10 recognized accrediting assembly or board, their equivalent, or other
11 related fire or emergency medical services training approved by the
12 Council on Firefighter Training or its equivalent. For purposes of
13 this paragraph, equivalency shall be determined by the Oklahoma
14 Council on Firefighter Training and Oklahoma State University Fire
15 Service Training;

16 2. After completion of Intermediate or Advanced Firefighter or
17 Firefighter I from an internationally recognized accrediting
18 assembly or board, their equivalent, or other related fire or
19 emergency medical services training approved by the Council on
20 Firefighter Training, the volunteer firefighter shall complete six
21 (6) hours of training per year to claim the tax credit. For the
22 purpose of this subsection, the local fire chief shall be the
23 authority having jurisdiction and shall choose and approve all
24 volunteer firefighter training in the applicable department;

1 3. Provide documentation from the fire chief of the applicable
2 department that the firefighter has been provided and participated
3 in all annual training as required by federal and state authorities;
4 and

5 4. Provide documentation from the fire chief of the applicable
6 department that the volunteer firefighter has met the requirements
7 under the fire department's constitution and bylaws and is a member
8 in good standing of the department together with a record of the
9 total number of years of service in good standing with such
10 department.

11 E. The Office of the State Fire Marshal and the Oklahoma
12 Council on Firefighter Training shall prescribe a reporting form for
13 use by volunteer fire departments and by volunteer firefighters in
14 order to provide the certifications required by this section.

15 F. The Oklahoma Tax Commission may require copies of such
16 reporting form provided by the Oklahoma Council on Firefighter
17 Training regarding training history to verify eligibility for the
18 tax credits provided by this section.

19 G. For any credits calculated pursuant to subsection A of this
20 section for training completed on or after July 1, 2016, the amount
21 of credit allowed shall be equal to seventy-five percent (75%) of
22 the amount otherwise provided.

23

24

1 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2370, as
2 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015,
3 Section 2370), is amended to read as follows:

4 Section 2370. A. For taxable years beginning after December
5 31, 1989, for the privilege of doing business within this state,
6 every state banking association, national banking association and
7 credit union organized under the laws of this state, located or
8 doing business within the limits of the State of Oklahoma shall
9 annually pay to this state a privilege tax at the rate of six
10 percent (6%) of the amount of the taxable income as provided in this
11 section.

12 B. 1. The privilege tax levied by this section shall be in
13 addition to the Business Activity Tax levied in Section 1218 of this
14 title and the franchise tax levied in Article 12 of this title and
15 in lieu of the tax levied by Section 2355 of this title and in lieu
16 of all taxes levied by the State of Oklahoma, or any subdivision
17 thereof, upon the shares of stock or personal property of any
18 banking association or credit union subject to taxation under this
19 section.

20 2. Nothing in this section shall be construed to exempt the
21 real property of any banking associations or credit unions from
22 taxation to the same extent, according to its value, as other real
23 property is taxed. Nothing herein shall be construed to exempt an
24

1 association from payment of any fee or tax authorized or levied
2 pursuant to the banking laws.

3 3. Personal property which is subject to a lease agreement
4 between a bank or credit union, as lessor, and a nonbanking business
5 entity or individual, as lessee, is not exempt from personal
6 property ad valorem taxation. Provided further, that it shall be
7 the duty of the lessee of such personal property to return sworn
8 lists or schedules of their taxable property within each county to
9 the county assessor of such county as provided in Sections 2433 and
10 2434 of this title.

11 C. Any tax levied under this section shall accrue on the last
12 day of the taxable year and be payable as provided in Section 2375
13 of this title. The accrual of such tax for the first taxable year
14 to which this act applies, shall apply notwithstanding the prior
15 accrual of a tax in the same taxable year based upon the net income
16 of the next preceding taxable year; provided, however, any
17 additional deduction enuring to the benefit of the taxpayer shall be
18 deducted in accordance with the optional transitional deduction
19 procedures in Section 2354 of this title.

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

24

1 1. There shall be deducted all interest income on obligations
2 of the United States government and agencies thereof not otherwise
3 exempted and all interest income on obligations of the State of
4 Oklahoma or political subdivisions thereof, including public trust
5 authorities, not otherwise exempted under the laws of this state;
6 and

7 2. Expense deductions claimed in arriving at taxable income
8 under paragraph 10 of Section 2353 of this title shall be reduced by
9 an amount equal to fifty percent (50%) of excluded interest income
10 on obligations of the United States government or agencies thereof
11 and obligations of the State of Oklahoma or political subdivisions
12 thereof.

13 E. 1. Except as otherwise provided in ~~paragraph 2~~ paragraphs 2
14 and 3 of this subsection, before January 1, 2017, there shall be
15 allowed a credit against the tax levied in subsection A of this
16 section in an amount equal to the amount of taxable income received
17 by a participating financial institution as defined in Section 90.2
18 of Title 62 of the Oklahoma Statutes pursuant to a loan made under
19 the Rural Economic Development Loan Act. Such credit shall be
20 limited each year to five percent (5%) of the amount of annual
21 payroll certified by the Oklahoma Rural Economic Development Loan
22 Program Review Board pursuant to the provisions of paragraph 3 of
23 subsection B of Section 90.4 of Title 62 of the Oklahoma Statutes
24 with respect to the loan made by the participating financial

1 institution and may be claimed for any number of years necessary
2 until the amount of total credits claimed is equal to the total
3 amount of taxable income received by the participating financial
4 institution pursuant to the loan. Any credit allowed but not used
5 in a taxable year may be carried forward for a period not to exceed
6 five (5) taxable years. In no event shall a credit allowed pursuant
7 to the provisions of this subsection be transferable or refundable.

8 2. No credit otherwise authorized by the provisions of this
9 subsection may be claimed for any event, transaction, investment,
10 expenditure or other act occurring on or after July 1, 2010 for
11 which the credit would otherwise be allowable. The provisions of
12 this paragraph shall cease to be operative on July 1, 2012.
13 Beginning July 1, 2012, the credit authorized by this subsection may
14 be claimed for any event, transaction, investment, expenditure or
15 other act occurring on or after July 1, 2012, according to the
16 provisions of this subsection.

17 3. For any credits calculated pursuant to paragraph 1 of this
18 subsection for income received on or after July 1, 2016, the amount
19 of credit allowed shall be equal to seventy-five percent (75%) of
20 the amount otherwise provided.

21 ~~SECTION 20. This act shall become effective July 1, 2016.~~

22 ~~SECTION 21. It being immediately necessary for the preservation~~
23 ~~of the public peace, health and safety, an emergency is hereby~~

24

1 ~~declared to exist, by reason whereof this act shall take effect and~~
2 ~~be in full force from and after its passage and approval.~~

3 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
4 February 9, 2016 - DO PASS AS AMENDED
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