

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 1426

By: Boren

AS INTRODUCED

An Act relating to income tax credit; amending 68 O.S. 2021, Section 2357.46, which relates to tax credit for construction of energy efficient property; modifying tax year for which credit can be claimed; requiring property to be completed in the year in which the credit is claimed; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.46, is amended to read as follows:

Section 2357.46. A. Except as otherwise provided by subsection G of this section, for ~~the time period beginning on or after January 1, 2006, and ending on July 1, 2016~~ tax years 2006 through 2016 and tax year 2025 and subsequent tax years, there shall be allowed a credit against the tax imposed by Section 2355 of this title for eligible expenditures incurred by a contractor in the construction of energy efficient residential property of two thousand (2,000) square feet or less. The amount of the credit shall be based upon the following:

1 1. For any eligible energy efficient residential property
2 constructed and certified as forty percent (40%) or more above the
3 International Energy Conservation Code 2003 and any supplement in
4 effect at the time of completion, the amount of the credit shall be
5 equal to the eligible expenses, not to exceed Four Thousand Dollars
6 (\$4,000.00) for the taxpayer who is the contractor; and

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

14 B. As used in this section:

15 1. "Eligible expenditure" means any:

- 16 a. energy efficient heating or cooling system,
- 17 b. insulation material or system which is specifically
18 and primarily designed to reduce the heat gain or loss
19 of a residential property when installed in or on such
20 property,
- 21 c. exterior windows, including skylights,
- 22 d. exterior doors, and
- 23 e. any metal roof installed on a residential property,
24 but only if such roof has appropriate pigmented

1 coatings which are specifically and primarily designed
2 to reduce the heat gain of such dwelling unit and
3 which meet Energy Star program requirements;

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

7 3. "Eligible energy efficient residential property" means a
8 newly constructed residential property or manufactured home property
9 which is located in ~~the State of Oklahoma~~ this state and
10 ~~substantially complete after December 31, 2005~~ completed in the
11 calendar year corresponding to the tax year in which the credit is
12 claimed, and which is two thousand (2,000) square feet or less:

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

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

1 (2) heating and cooling equipment efficiencies which
2 correspond to the minimum allowed under the
3 regulations established by the Department of
4 Energy pursuant to the National Appliance Energy
5 Conservation Act of 1987 and in effect at the
6 time of construction of the property, and

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

11 b. for the credit provided pursuant to paragraph 2 of
12 subsection A of this section, which is certified by an
13 accredited Residential Energy Services Network
14 Provider using the Home Energy Rating System to have:

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

23 (2) heating and cooling equipment efficiencies which
24 correspond to the minimum allowed under the
25

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

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

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

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

19 E. For credits earned on or after July 1, 2006, the credits
20 authorized by this section shall be freely transferable to
21 subsequent transferees.

22 F. The Oklahoma Tax Commission shall promulgate rules necessary
23 to implement this act.

1 G. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2010 for
4 which the credit would otherwise be allowable. The provisions of
5 this subsection shall cease to be operative on July 1, 2012.
6 Beginning July 1, 2012, the credit authorized by this section may be
7 claimed for any event, transaction, investment, expenditure, or
8 other act occurring on or after July 1, 2012, according to the
9 provisions of this section.

10 ~~H. No credit otherwise authorized by the provisions of this~~
11 ~~section may be claimed for any event, transaction, investment,~~
12 ~~expenditure or other act occurring on or after July 1, 2016, for~~
13 ~~which the credit would otherwise be allowable.~~

14 SECTION 2. This act shall become effective November 1, 2024.

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