

1 B. The obligation to deduct and withhold from payments as
2 provided in subsection A of this section does not apply to those
3 payments which are made to:

4 1. Current or permanent residents of Oklahoma;

5 2. The United States, this state or any state or federal agency
6 or political subdivision;

7 3. Any charitable institution; ~~or~~

8 4. Any federally recognized Indian tribe; or

9 5. A publicly-traded partnership as defined by Section 7704 (b)
10 of the Internal Revenue Code, 26 U.S. Code 7704 (b), that is treated
11 as a partnership for federal tax purposes under Section 7704 (c) of
12 the Internal Revenue Code, 26 U.S. Code 7704 (c), or its publicly-
13 traded partnership affiliates. As used in this paragraph,
14 "publicly-traded partnership affiliates" shall include any limited
15 liability company or limited partnership for which at least eighty
16 percent (80%) of the limited liability member interests or limited
17 partnership interests of which are owned directly or indirectly by
18 the publicly-traded partnership.

19 The obligation to deduct and withhold from payments as provided
20 in subsection A of this section does not apply if the remitter and
21 the royalty interest owner are the same person.

22 C. Any royalty interest owner from whom an amount is withheld
23 pursuant to the provisions of subsection A of this section, or if
24 the royalty interest owner is not liable to the State of Oklahoma

1 for income taxes, any person to whom a royalty interest owner
2 subsequently distributes royalty payments with respect to which an
3 amount is withheld pursuant to the provisions of subsection A of
4 this section, and who files an income tax return with this state is
5 entitled to a credit against the tax as shown on the return for the
6 amount withheld by the remitter under subsection A of this section.
7 If the amount withheld is greater than the tax due on the return,
8 the person filing the return shall be entitled to a refund in the
9 amount of the overpayment.

10 SECTION 2. This act shall become effective November 1, 2017.

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12 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES,
13 dated 04/03/2017 - DO PASS.

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