

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 311

By: Rader

AS INTRODUCED

An Act relating to income tax incentives; amending 74 O.S. 2021, Section 5064.7, which relates to incentives for products developed and manufactured in this state; limiting qualification; limiting certain credit and exemption to certain taxable years; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2021, Section 5064.7, is amended to read as follows:

Section 5064.7. A. The following incentives shall be available to inventors for products developed and manufactured in this state and to instate manufacturers of said products; provided, to qualify for the incentives, the product shall be patented or have patent pending pursuant to federal law and shall be registered with the Oklahoma Center for the Advancement of Science and Technology (OCAST) before November 1, 2023:

1. Royalty earned by an inventor from a product developed and manufactured in this state shall be exempt from state income tax for a period of seven (7) years from January 1 of the first year in

1 which such royalty is received as long as the manufacturer remains  
2 in the state; and

3 2. An instate manufacturer of a product developed in this state  
4 by an inventor shall be eligible for a tax credit, as provided for  
5 in Section 2357.4 of Title 68 of the Oklahoma Statutes, for property  
6 placed in service during tax years 1987 through 2023. In addition  
7 such manufacturer may exclude from Oklahoma taxable income, or in  
8 the case of an individual, the Oklahoma adjusted gross income,  
9 sixty-five percent (65%) of the cost of depreciable property  
10 purchased and utilized directly in manufacturing the product. The  
11 maximum exclusion shall not exceed Five Hundred Thousand Dollars  
12 (\$500,000.00). If the exclusion allowed by this paragraph exceeds  
13 the Oklahoma taxable income, or in the case of an individual, the  
14 Oklahoma adjusted gross income, the amount of the exclusion that is  
15 in excess of such income may be carried forward as an exclusion  
16 against subsequent Oklahoma taxable income or in the case of an  
17 individual, subsequent Oklahoma adjusted gross income, for a period  
18 not to exceed four (4) years. For the purposes of this paragraph,  
19 "depreciable property" means machinery, fixtures, equipment,  
20 buildings, or substantial improvements thereto, placed in service in  
21 this state during the taxable ~~year~~ years 1987 through 2023.

22 B. The Oklahoma Tax Commission, in conjunction with the  
23 Oklahoma Center for the Advancement of Science and Technology, shall  
24 promulgate rules to implement the provisions of this section.

1 SECTION 2. This act shall become effective November 1, 2023.

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