

1 **SENATE FLOOR VERSION**

2 February 15, 2023

3 **AS AMENDED**

4 SENATE BILL NO. 311

5 By: Rader and Bergstrom

6 **[income tax incentives - effective date]**

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

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

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

17 1. Royalty earned by an inventor from a product developed and
18 manufactured in this state shall be exempt from state income tax for
19 a period of seven (7) years from January 1 of the first year in
20 which such royalty is received as long as the manufacturer remains
21 in the state; and

22 2. An instate manufacturer of a product developed in this state
23 by an inventor shall be eligible for a tax credit, as provided for
24 in Section 2357.4 of Title 68 of the Oklahoma Statutes, for property

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

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

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

21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
22 February 15, 2023 - DO PASS AS AMENDED
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