

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL 348

By: Bice

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5
6 AS INTRODUCED

7 An Act relating to Small Business Incubators
8 Incentives Act; amending 74 O.S. 2011, Sections 5072
9 and 5078, which relate to income tax exemptions;
10 updating language; modifying purpose; eliminating
11 requirement for claiming exemption during specified
12 time period; repealing 74 O.S. 2011, Section 5075,
13 which relates to income tax exemption for sponsor;
14 eliminating exemption; and providing an effective
15 date.

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

17 SECTION 1. AMENDATORY 74 O.S. 2011, Section 5072, is
18 amended to read as follows:

19 Section 5072. The purpose of ~~this act~~ the Small Business
20 Incubators Incentives Act shall be to promote, encourage and advance
21 economic prosperity and employment throughout the state by creating
22 a more favorable tax climate for ~~organizations which qualify as~~
23 ~~sponsors~~ tenants of small business incubators in this state ~~and a~~
24 ~~more favorable business climate for tenants.~~

25 SECTION 2. AMENDATORY 74 O.S. 2011, Section 5078, is
26 amended to read as follows:

1 Section 5078. ~~A.~~ For a period of up to ten (10) years from the
2 date of tenant's occupancy in an incubator, income earned by the
3 tenant as a result of activities conducted as an occupant in an
4 incubator, including income distributed to partners, shareholders of
5 a corporation for which a Subchapter S election is in effect and to
6 the members of a limited liability company, shall be exempt from
7 state income tax. The exemption provided by this section shall
8 remain in effect for such activities by such tenant after the date
9 the tenant is no longer an occupant in an incubator, but not to
10 exceed a total duration of ten (10) years for any tenant.

11 ~~B. In order to qualify for the income tax exemption for the
12 sixth through tenth year as authorized by this section, the tenant
13 must make at least seventy five percent (75%) of its gross sales
14 constituting the principal business activity of the business to
15 buyers located outside the state or to buyers whose principal
16 business activity is conducted outside the state or to the federal
17 government or to buyers located within the state if the product or
18 service is resold to an out-of-state customer or buyer for ultimate
19 use. Provided, if a tenant does not achieve the qualifying
20 percentage for any one of the above tax years, the tenant shall not
21 be disqualified for subsequent tax years in which the qualifying
22 percentage is achieved.~~

23 The Oklahoma Tax Commission shall promulgate rules to implement
24 the provisions of this section.

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SECTION 3. REPEALER 74 O.S. 2011, Section 5075, is
hereby repealed.

SECTION 4. This act shall become effective January 1, 2020.

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