

1 STATE OF OKLAHOMA

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

3 SENATE BILL 485

By: Bergstrom

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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 5075 and 5078, which relate to income tax exemptions;  
10 updating statutory reference; modifying purpose;  
11 eliminating exception for operator of incubator;  
12 eliminating requirement for claiming exemption during  
13 specified time period; and providing an effective  
14 date.

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

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

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

22 SECTION 2. AMENDATORY 74 O.S. 2011, Section 5075, is  
23 amended to read as follows:  
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1 Section 5075. A. ~~Income~~ For tax years ending before January 1,  
2 2020, income earned by a sponsor from rental fees, service fees or  
3 any other form of payment for services provided to a tenant as an  
4 operator of an incubator, or for providing funding for such a  
5 facility, shall be exempt from state income tax for a period not to  
6 exceed ten (10) years from the date of the tenant's occupancy in an  
7 incubator.

8 B. The Oklahoma Tax Commission shall promulgate rules and  
9 regulations to implement the provisions of this section.

10 SECTION 3. AMENDATORY 74 O.S. 2011, Section 5078, is  
11 amended to read as follows:

12 Section 5078. A. For a period of up to ten (10) years from the  
13 date of tenant's occupancy in an incubator, income earned by the  
14 tenant as a result of activities conducted as an occupant in an  
15 incubator, including income distributed to partners, shareholders of  
16 a corporation for which a Subchapter S election is in effect and to  
17 the members of a limited liability company, shall be exempt from  
18 state income tax. The exemption provided by this section shall  
19 remain in effect for such activities by such tenant after the date  
20 the tenant is no longer an occupant in an incubator, but not to  
21 exceed a total duration of ten (10) years for any tenant.

22 B. ~~In~~ For tax years ending before January 1, 2020, in order to  
23 qualify for the income tax exemption for the sixth through tenth  
24 year as authorized by this section, the tenant must make at least

1 seventy-five percent (75%) of its gross sales constituting the  
2 principal business activity of the business to buyers located  
3 outside the state or to buyers whose principal business activity is  
4 conducted outside the state or to the federal government or to  
5 buyers located within the state if the product or service is resold  
6 to an out-of-state customer or buyer for ultimate use. Provided, if  
7 a tenant does not achieve the qualifying percentage for any one of  
8 the above tax years, the tenant shall not be disqualified for  
9 subsequent tax years in which the qualifying percentage is achieved.

10 The Oklahoma Tax Commission shall promulgate rules to implement  
11 the provisions of this section.

12 SECTION 4. This act shall become effective in accordance with  
13 the provisions of Section 58 of Article V of the Oklahoma  
14 Constitution.

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