

1 STATE OF OKLAHOMA

2 1st Extraordinary Session of the 56th Legislature (2017)

3 SENATE BILL 50x

By: Bergstrom

4
5
6 AS INTRODUCED

7 An Act relating to tax credits and tax rebates;
8 amending 68 O.S. 2011, Sections 2357.4, as last
9 amended by Section 1, Chapter 329, O.S.L. 2016,
10 2357.22, as last amended by Section 12, Chapter 328,
11 O.S.L. 2014, 2357.32A, as last amended by Section 1,
12 Chapter 44, O.S.L. 2017, 2357.41, 2357.45, 2357.206,
13 as last amended by Section 1, Chapter 288, O.S.L.
14 2017, 2357.302, as last amended by Section 1, Chapter
15 153, O.S.L. 2017, 2357.303, as last amended by
16 Section 2, Chapter 153, O.S.L. 2017, 2357.304, as
17 last amended by Section 3, Chapter 153, O.S.L. 2017,
18 Section 1, Chapter 421, O.S.L. 2014, 2370.1, as last
19 amended by Section 1, Chapter 110, O.S.L. 2016, 3624,
20 as amended by Section 1, Chapter 121, O.S.L. 2017 (68
21 O.S. Supp. 2017, Sections 2357.4, 2357.22, 2357.32A,
22 2357.206, 2357.302, 2357.303, 2357.304, 2357.403,
23 2370.1 and 3624), which relate to the business credit
24 for investment or increase in full-time employees,
credit for investments in qualified clean-burning
motor fuel vehicle property or qualified electric
motor vehicle property, tax credits for electricity
generated by zero-emission facilities, tax credit for
qualified rehabilitation expenditures, tax credit for
donation to independent biomedical or cancer research
institute, the Oklahoma Equal Opportunity Education
Scholarship Act, tax credit for tuition reimbursement
for qualified employer, tax credit for qualified
employer in aerospace sector, tax credit for
qualified employee, tax credit for affordable
housing, tax credit for guaranty fee, the Oklahoma
Film Enhancement Rebate Program; reducing credit
amount for certain tax years; reducing credit rate
for certain tax years; modifying credit formula for
certain tax years; reducing cap on credit amount for
certain tax years; reducing rebate rate for certain

1 fiscal years; and reducing rebate cap for certain
2 fiscal years.

3
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.4, as
6 last amended by Section 1, Chapter 329, O.S.L. 2016 (68 O.S. Supp.
7 2017, Section 2357.4), is amended to read as follows:

8 Section 2357.4. A. Except as otherwise provided in subsection
9 F of Section 3658 of this title and in subsections J and K of this
10 section, for taxable years beginning after December 31, 1987, there
11 shall be allowed a credit against the tax imposed by Section 2355 of
12 this title for:

13 1. Investment in qualified depreciable property placed in
14 service during those years for use in a manufacturing operation, as
15 defined in Section 1352 of this title, which has received a
16 manufacturer exemption permit pursuant to the provisions of Section
17 1359.2 of this title or a qualified aircraft maintenance or
18 manufacturing facility as defined in Section 1357 of this title in
19 this state or a qualified web search portal as defined in Section
20 1357 of this title; or

21 2. A net increase in the number of full-time-equivalent
22 employees in a manufacturing operation, as defined in Section 1352
23 of this title, which has received a manufacturer exemption permit
24 pursuant to the provisions of Section 1359.2 of this title or a

1 qualified aircraft maintenance or manufacturing facility defined in
2 Section 1357 of this title in this state or in a qualified web
3 search portal as defined in Section 1357 of this title including
4 employees engaged in support services.

5 B. Except as otherwise provided in subsection F of Section 3658
6 of this title and in subsections J and K of this section, for
7 taxable years beginning after December 31, 1998, there shall be
8 allowed a credit against the tax imposed by Section 2355 of this
9 title for:

10 1. Investment in qualified depreciable property with a total
11 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
12 within three (3) years from the date of initial qualifying
13 expenditure and placed in service in this state during those years
14 for use in the manufacture of products described by any Industry
15 Number contained in Division D of Part I of the Standard Industrial
16 Classification (SIC) Manual, latest revision; or

17 2. A net increase in the number of full-time-equivalent
18 employees in this state engaged in the manufacture of any goods
19 identified by any Industry Number contained in Division D of Part I
20 of the Standard Industrial Classification (SIC) Manual, latest
21 revision, if the total cost of qualified depreciable property placed
22 in service by the business entity within the state equals or exceeds
23 Forty Million Dollars (\$40,000,000.00) within three (3) years from
24 the date of initial qualifying expenditure.

1 C. The business entity may claim the credit authorized by
2 subsection B of this section for expenditures incurred or for a net
3 increase in the number of full-time-equivalent employees after the
4 business entity provides proof satisfactory to the Oklahoma Tax
5 Commission that the conditions imposed pursuant to paragraph 1 or
6 paragraph 2 of subsection B of this section have been satisfied.

7 D. If a business entity fails to expend the amount required by
8 paragraph 1 or paragraph 2 of subsection B of this section within
9 the time required, the business entity may not claim the credit
10 authorized by subsection B of this section but shall be allowed to
11 claim a credit pursuant to subsection A of this section if the
12 requirements of subsection A of this section are met with respect to
13 the investment in qualified depreciable property or net increase in
14 the number of full-time-equivalent employees.

15 E. The credit provided for in subsection A of this section, if
16 based upon investment in qualified depreciable property, shall not
17 be allowed unless the investment in qualified depreciable property
18 is at least Fifty Thousand Dollars (\$50,000.00). The credit
19 provided for in subsection A or B of this section shall not be
20 allowed if the applicable investment is the direct cause of a
21 decrease in the number of full-time-equivalent employees. Qualified
22 property shall be limited to machinery, fixtures, equipment,
23 buildings or substantial improvements thereto, placed in service in
24 this state during the taxable year. The taxable years for which the

1 credit may be allowed if based upon investment in qualified
2 depreciable property shall be measured from the year in which the
3 qualified property is placed in service. If the credit provided for
4 in subsection A or B of this section is calculated on the basis of
5 the cost of the qualified property, the credit shall be allowed in
6 each of the four (4) subsequent years. If the qualified property on
7 which a credit has previously been allowed is acquired from a
8 related party, the date such property is placed in service by the
9 transferor shall be considered to be the date such property is
10 placed in service by the transferee, for purposes of determining the
11 aggregate number of years for which credit may be allowed.

12 F. The credit provided for in subsection A or B of this
13 section, if based upon an increase in the number of full-time-
14 equivalent employees, shall be allowed in each of the four (4)
15 subsequent years only if the level of new employees is maintained in
16 the subsequent year. In calculating the credit by the number of new
17 employees, only those employees whose paid wages or salary were at
18 least Seven Thousand Dollars (\$7,000.00) during each year the credit
19 is claimed shall be included in the calculation. Provided, that the
20 first year a credit is claimed for a new employee, such employee may
21 be included in the calculation notwithstanding paid wages of less
22 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
23 the last three quarters of the tax year, has wages or salary which
24 will result in annual paid wages in excess of Seven Thousand Dollars

1 (\$7,000.00) and the taxpayer submits an affidavit stating that the
2 employee's position will be retained in the following tax year and
3 will result in the payment of wages in excess of Seven Thousand
4 Dollars (\$7,000.00). The number of new employees shall be
5 determined by comparing the monthly average number of full-time
6 employees subject to Oklahoma income tax withholding for the final
7 quarter of the taxable year with the corresponding period of the
8 prior taxable year, as substantiated by such reports as may be
9 required by the Tax Commission.

10 G. ~~The~~ Except as otherwise provided in subsection N of this
11 section, the credit allowed by subsection A of this section shall be
12 the greater amount of either:

13 1. One percent (1%) of the cost of the qualified property in
14 the year the property is placed in service; or

15 2. Five Hundred Dollars (\$500.00) for each new employee. No
16 credit shall be allowed in any taxable year for a net increase in
17 the number of full-time-equivalent employees if such increase is a
18 result of an investment in qualified depreciable property for which
19 an income tax credit has been allowed as authorized by this section.

20 H. ~~The~~ Except as otherwise provided in subsection N of this
21 section, the credit allowed by subsection B of this section shall be
22 the greater amount of either:

23 1. Two percent (2%) of the cost of the qualified property in
24 the year the property is placed in service; or

1 2. One Thousand Dollars (\$1,000.00) for each new employee.

2 No credit shall be allowed in any taxable year for a net
3 increase in the number of full-time-equivalent employees if such
4 increase is a result of an investment in qualified depreciable
5 property for which an income tax credit has been allowed as
6 authorized by this section.

7 I. Except as provided by subsection G of Section 3658 of this
8 title, any credits allowed but not used in any taxable year may be
9 carried over in order as follows:

10 1. To each of the four (4) years following the year of
11 qualification;

12 2. To the extent not used in those years in order to each of
13 the fifteen (15) years following the initial five-year period;

14 3. If a C corporation that otherwise qualified for the credits
15 under subsection A of this section subsequently changes its
16 operating status to that of a pass-through entity which is being
17 treated as the same entity for federal tax purposes, the credits
18 will continue to be available as if the pass-through entity had
19 originally qualified for the credits subject to the limitations of
20 this section;

21 4. To the extent not used in paragraphs 1 and 2 of this
22 subsection, such credits from qualified depreciable property placed
23 in service on or after January 1, 2000, may be utilized in any
24 subsequent tax years after the initial twenty-year period; and

1 5. Provided, for tax years beginning on or after January 1,
2 2016, and ending on or before December 31, 2018, the amount of
3 credits available as an offset in a taxable year shall be limited to
4 the percentage calculated by the Tax Commission pursuant to the
5 provisions of subsection L of this section.

6 J. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2010, for
9 which the credit would otherwise be allowable until the provisions
10 of this subsection shall cease to be operative on July 1, 2012.
11 Beginning July 1, 2012, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2010, according to the provisions
14 of this section; provided, credits accrued during the period from
15 July 1, 2010, through June 30, 2012, shall be limited to a period of
16 two (2) taxable years. The credit shall be limited in each taxable
17 year to fifty percent (50%) of the total amount of the accrued
18 credit. Any tax credits which accrue during the period of July 1,
19 2010, through June 30, 2012, may not be claimed for any period prior
20 to the taxable year beginning January 1, 2012. No credits which
21 accrue during the period of July 1, 2010, through June 30, 2012, may
22 be used to file an amended tax return for any taxable year prior to
23 the taxable year beginning January 1, 2012.

1 K. Beginning January 1, 2017, except with respect to tax
2 credits allowed from investment or job creation occurring prior to
3 January 1, 2017, the credits authorized by this section shall not be
4 allowed for investment or job creation in electric power generation
5 by means of wind as described by the North American Industry
6 Classification System, No. 221119.

7 L. For tax years beginning on or after January 1, 2016, and
8 ending on or before December 31, 2018, the total amount of credits
9 authorized by this section used to offset tax shall be adjusted
10 annually to limit the annual amount of credits to Twenty-five
11 Million Dollars (\$25,000,000.00). The Tax Commission shall annually
12 calculate and publish a percentage by which the credits authorized
13 by this section shall be reduced so the total amount of credits used
14 to offset tax does not exceed Twenty-five Million Dollars
15 (\$25,000,000.00) per year. The formula to be used for the
16 percentage adjustment shall be Twenty-five Million Dollars
17 (\$25,000,000.00) divided by the credits used to offset tax in the
18 second preceding year.

19 M. Pursuant to subsection L of this section, in the event the
20 total tax credits authorized by this section exceed Twenty-five
21 Million Dollars (\$25,000,000.00) in any calendar year, the Tax
22 Commission shall permit any excess over Twenty-five Million Dollars
23 (\$25,000,000.00) but shall factor such excess into the percentage
24 adjustment formula for subsequent years.

1 N. The credit otherwise authorized by the provisions of this
2 section shall be reduced by twenty-five percent (25%) for any
3 taxable year which begins on or after January 1, 2018, and ends on
4 or before December 31, 2019. The provisions of this subsection
5 shall not be applicable to tax credits carried forward from any tax
6 year which began prior to January 1, 2018.

7 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.22, as
8 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
9 2017, Section 2357.22), is amended to read as follows:

10 Section 2357.22. A. For tax years beginning before January 1,
11 2020, there shall be allowed a one-time credit against the income
12 tax imposed by Section 2355 of this title for investments in
13 qualified clean-burning motor vehicle fuel property placed in
14 service after December 31, 1990.

15 B. As used in this section, "qualified clean-burning motor
16 vehicle fuel property" means:

17 1. Equipment installed to modify a motor vehicle which is
18 propelled by gasoline or diesel fuel so that the vehicle may be
19 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
20 natural gas or liquefied petroleum gas; provided, equipment
21 installed on a vehicle propelled by a hydrogen fuel cell shall only
22 be eligible for tax year 2010. The equipment covered by this
23 paragraph must:

- a. be new, not previously used to modify or retrofit any vehicle propelled by gasoline or diesel fuel and be installed by an alternative fuels equipment technician who is certified in accordance with the Alternative Fuels Technician Certification Act,
- b. meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571, or
- c. for any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations;

2. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell shall only be eligible for tax year 2010;

3. Property, not including a building and its structural components, which is:

- a. directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, or hydrogen, for commercial purposes or for a fee or

1 charge, into the fuel tank of a motor vehicle
2 propelled by such fuel including compression equipment
3 and storage tanks for such fuel at the point where
4 such fuel is so delivered but only if such property is
5 not used to deliver such fuel into any other type of
6 storage tank or receptacle and such fuel is not used
7 for any purpose other than to propel a motor vehicle,
8 or

9 b. a metered-for-fee, public access recharging system for
10 motor vehicles propelled in whole or in part by
11 electricity. The property covered by this paragraph
12 must be new, and must not have been previously
13 installed or used to refuel vehicles powered by
14 compressed natural gas, liquefied natural gas or
15 liquefied petroleum gas, hydrogen or electricity.

16 Any property covered by this paragraph which is related to the
17 delivery of hydrogen into the fuel tank of a motor vehicle shall
18 only be eligible for tax year 2010; or

19 4. Property which is directly related to the compression and
20 delivery of natural gas from a private home or residence, for
21 noncommercial purposes, into the fuel tank of a motor vehicle
22 propelled by compressed natural gas. The property covered by this
23 paragraph must be new and must not have been previously installed or
24 used to refuel vehicles powered by natural gas.

1 C. As used in this section, "motor vehicle" means a motor
2 vehicle originally designed by the manufacturer to operate lawfully
3 and principally on streets and highways.

4 D. The Except as provided for in subsection J of this section,
5 the credit provided for in subsection A of this section shall be as
6 follows:

7 1. After the effective date of this act, for the qualified
8 clean-burning motor vehicle fuel property defined in paragraph 1 or
9 2 of subsection B of this section, forty-five percent (45%) of the
10 cost of the qualified clean-burning motor vehicle fuel property;

11 2. For qualified clean-burning motor vehicle fuel property
12 defined in paragraph 3 of subsection B of this section, a per-
13 location credit of seventy-five percent (75%) of the cost of the
14 qualified clean-burning motor vehicle fuel property; and

15 3. For qualified clean-burning motor vehicle fuel property
16 defined in paragraph 4 of subsection B of this section, a per-
17 location credit of the lesser of fifty percent (50%) of the cost of
18 the qualified clean-burning motor vehicle fuel property or Two
19 Thousand Five Hundred Dollars (\$2,500.00).

20 E. In cases where no credit has been claimed pursuant to
21 paragraph 1 of subsection D of this section by any prior owner and
22 in which a motor vehicle is purchased by a taxpayer with qualified
23 clean-burning motor vehicle fuel property installed by the
24 manufacturer of such motor vehicle and the taxpayer is unable or

1 elects not to determine the exact basis which is attributable to
2 such property, the taxpayer may claim a credit in an amount not
3 exceeding the lesser of ten percent (10%) of the cost of the motor
4 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

5 F. If the tax credit allowed pursuant to subsection A of this
6 section exceeds the amount of income taxes due or if there are no
7 state income taxes due on the income of the taxpayer, the amount of
8 the credit not used as an offset against the income taxes of a
9 taxable year may be carried forward as a credit against subsequent
10 income tax liability for a period not to exceed five (5) years.

11 G. A husband and wife who file separate returns for a taxable
12 year in which they could have filed a joint return may each claim
13 only one-half (1/2) of the tax credit that would have been allowed
14 for a joint return.

15 H. The Oklahoma Tax Commission is herein empowered to
16 promulgate rules by which the purpose of this section shall be
17 administered, including the power to establish and enforce penalties
18 for violations thereof.

19 I. Notwithstanding the provisions of Section 2352 of this
20 title, for the fiscal year beginning on July 1, 2014, and each
21 fiscal year thereafter, the Tax Commission shall calculate an amount
22 that equals five percent (5%) of the cost of qualified clean-burning
23 motor vehicle fuel property as provided for in paragraph 1 of
24 subsection D of this section for tax year 2012. For each subsequent

1 fiscal year thereafter, the Tax Commission shall perform the same
2 computation with respect to the second tax year preceding the
3 beginning of each subsequent fiscal year. The Tax Commission shall
4 then transfer an amount equal to the amount calculated in this
5 subsection from the revenue derived pursuant to the provisions of
6 subsections A, B and E of Section 2355 of this title to the
7 Compressed Natural Gas Conversion Safety and Regulation Fund created
8 in Section 13 of this act.

9 J. The credit otherwise authorized by the provisions of this
10 section shall be reduced by twenty-five percent (25%) for any
11 taxable year which begins on or after January 1, 2018, and ends on
12 or before December 31, 2019. The provisions of this subsection
13 shall not be applicable to tax credits carried forward from any tax
14 year which began prior to January 1, 2018.

15 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
16 last amended by Section 1, Chapter 44, O.S.L. 2017 (68 O.S. Supp.
17 2017, Section 2357.32A), is amended to read as follows:

18 Section 2357.32A. A. Except as otherwise provided in
19 subsection H of this section, for tax years beginning on or after
20 January 1, 2003, there shall be allowed a credit against the tax
21 imposed by Section 2355 of this title to a taxpayer for the
22 taxpayer's production and sale to an unrelated person of electricity
23 generated by zero-emission facilities located in this state. As
24 used in this section:

1 1. "Electricity generated by zero-emission facilities" means
2 electricity that is exclusively produced by any facility located in
3 this state with a rated production capacity of one megawatt (1 mw)
4 or greater, constructed for the generation of electricity and placed
5 in operation after June 4, 2001, and with respect to electricity
6 generated by wind for any facility placed in operation not later
7 than July 1, 2017, which utilizes eligible renewable resources as
8 its fuel source. The construction and operation of such facilities
9 shall result in no pollution or emissions that are or may be harmful
10 to the environment, pursuant to a determination by the Department of
11 Environmental Quality; and

12 2. "Eligible renewable resources" means resources derived from:
13 a. wind,
14 b. moving water,
15 c. sun, or
16 d. geothermal energy.

17 B. For facilities placed in operation on or after January 1,
18 2003, and before January 1, 2007, the amount of the credit for the
19 electricity generated on or after January 1, 2003, but prior to
20 January 1, 2004, shall be seventy-five one-hundredths of one cent
21 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
22 emission facilities. For electricity generated on or after January
23 1, 2004, but prior to January 1, 2007, the amount of the credit
24 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-

1 hour for electricity generated by zero-emission facilities. For
2 electricity generated on or after January 1, 2007, but prior to
3 January 1, 2012, the amount of the credit shall be twenty-five one-
4 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
5 generated by zero-emission facilities. For facilities placed in
6 operation on or after January 1, 2007, and before January 1, 2021,
7 or with respect to electricity generated by wind for any facility
8 placed in operation not later than July 1, 2017, the amount of the
9 credit for the electricity generated on or after January 1, 2007,
10 but not including electricity generated on or after January 1, 2018,
11 and before January 1, 2020, shall be fifty one-hundredths of one
12 cent (\$0.0050) for each kilowatt-hour of electricity generated by
13 zero-emission facilities. For facilities placed in operation on or
14 after January 1, 2007, and before January 1, 2021, or with respect
15 to electricity generated by wind for any facility placed in
16 operation not later than July 1, 2017, the amount of the credit for
17 the electricity generated on or after January 1, 2018, and before
18 January 1, 2020, shall be three hundred seventy-five one-thousandths
19 of one cent (\$0.00375) for each kilowatt-hour of electricity
20 generated by zero-emission facilities.

21 C. Credits may be claimed with respect to electricity generated
22 on or after January 1, 2003, during a ten-year period following the
23 date that the facility is placed in operation on or after June 4,
24 2001.

1 D. 1. For credits generated prior to January 1, 2014, if the
2 credit allowed pursuant to this section exceeds the amount of income
3 taxes due or if there are no state income taxes due on the income of
4 the taxpayer, the amount of the credit allowed but not used in any
5 tax year may be carried forward as a credit against subsequent
6 income tax liability for a period not exceeding ten (10) years.

7 2. For credits generated, but not used, on or after January 1,
8 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
9 election, directly to the taxpayer eighty-five percent (85%) of the
10 face amount of such credits. The direct refund of the credits
11 pursuant to this paragraph shall be available to all taxpayers,
12 including, without limitation, pass-through entities and taxpayers
13 subject to Section 2355 of this title, but shall not be available to
14 any entities falling within the provisions of subsection E of this
15 section. The amount of any direct refund of credits actually
16 received at the eighty-five percent (85%) level by the taxpayer
17 pursuant to this paragraph shall not be subject to the tax imposed
18 by Section 2355 of this title. If the pass-through entity does not
19 file a claim for a direct refund, the pass-through entity shall
20 allocate the credit to one or more of the shareholders, partners or
21 members of the pass-through entity; provided, the total of all
22 credits refunded or allocated shall not exceed the amount of the
23 credit or refund to which the pass-through entity is entitled. For
24 the purposes of this paragraph, "pass-through entity" means a

1 corporation that for the applicable tax year is treated as an S
2 corporation under the Internal Revenue Code of 1986, as amended,
3 general partnership, limited partnership, limited liability
4 partnership, trust or limited liability company that for the
5 applicable tax year is not taxed as a corporation for federal income
6 tax purposes.

7 E. Any nontaxable entities, including agencies of the State of
8 Oklahoma or political subdivisions thereof, shall be eligible to
9 establish a transferable tax credit in the amount provided in
10 subsection B of this section. Such tax credit shall be a property
11 right available to a state agency or political subdivision of this
12 state to transfer or sell to a taxable entity, whether individual or
13 corporate, who shall have an actual or anticipated income tax
14 liability under Section 2355 of this title. These tax credit
15 provisions are authorized as an incentive to the State of Oklahoma,
16 its agencies and political subdivisions to encourage the expenditure
17 of funds in the development, construction and utilization of
18 electricity from zero-emission facilities as defined in subsection A
19 of this section.

20 F. For credits generated prior to January 1, 2014, the amount
21 of the credit allowed, but not used, shall be freely transferable at
22 any time during the ten (10) years following the year of
23 qualification. Any person to whom or to which a tax credit is
24 transferred shall have only such rights to claim and use the credit

1 under the terms that would have applied to the entity by whom or by
2 which the tax credit was transferred. The provisions of this
3 subsection shall not limit the ability of a tax credit transferee to
4 reduce the tax liability of the transferee, regardless of the actual
5 tax liability of the tax credit transferor, for the relevant taxable
6 period. The transferor initially allowed the credit and any
7 subsequent transferees shall jointly file a copy of any written
8 transfer agreement with the Oklahoma Tax Commission within thirty
9 (30) days of the transfer. The written agreement shall contain the
10 name, address and taxpayer identification number or social security
11 number of the parties to the transfer, the amount of the credit
12 being transferred, the year the credit was originally allowed to the
13 transferor, and the tax year or years for which the credit may be
14 claimed. The Tax Commission may promulgate rules to permit
15 verification of the validity and timeliness of the tax credit
16 claimed upon a tax return pursuant to this subsection but shall not
17 promulgate any rules that unduly restrict or hinder the transfers of
18 such tax credit. The tax credit allowed by this section, upon the
19 election of the taxpayer, may be claimed as a payment of tax, a
20 prepayment of tax or a payment of estimated tax for purposes of
21 Section 1803 or Section 2355 of this title.

22 G. For electricity generation produced and sold in a calendar
23 year, the tax credit allowed by the provisions of this section, upon
24 election of the taxpayer, shall be treated and may be claimed as a

1 payment of tax, a prepayment of tax or a payment of estimated tax
2 for purposes of Section 2355 of this title on or after July 1 of the
3 following calendar year.

4 H. No credit otherwise authorized by the provisions of this
5 section may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, 2010, for
7 which the credit would otherwise be allowable until the provisions
8 of this subsection shall cease to be operative on July 1, 2011.

9 Beginning July 1, 2011, the credit authorized by this section may be
10 claimed for any event, transaction, investment, expenditure or other
11 act occurring on or after July 1, 2010, according to the provisions
12 of this section. Any tax credits which accrue during the period of
13 July 1, 2010, through June 30, 2011, may not be claimed for any
14 period prior to the taxable year beginning January 1, 2012. No
15 credits which accrue during the period of July 1, 2010, through June
16 30, 2011, may be used to file an amended tax return for any taxable
17 year prior to the taxable year beginning January 1, 2012.

18 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.41, is
19 amended to read as follows:

20 Section 2357.41. A. Except as otherwise provided by subsection
21 I of this section, for tax years beginning after December 31, 2000,
22 there shall be allowed a credit against the tax imposed by Sections
23 2355 and 2370 of this title or that portion of the tax imposed by
24 Section 624 or 628 of Title 36 of the Oklahoma Statutes that would

1 otherwise have been apportioned to the General Revenue Fund for
2 qualified rehabilitation expenditures incurred in connection with
3 any certified historic hotel or historic newspaper plant building
4 located in an increment or incentive district created pursuant to
5 the Local Development Act or for qualified rehabilitation
6 expenditures incurred after January 1, 2006, in connection with any
7 certified historic structure.

8 B. The Except as otherwise provided for in subsection J, the
9 amount of the credit shall be one hundred percent (100%) of the
10 federal rehabilitation credit provided for in Section 47 of Title 26
11 of the United States Code. The credit authorized by this section
12 may be claimed at any time after the relevant local governmental
13 body responsible for doing so issues a certificate of occupancy or
14 other document that is a precondition for the applicable use of the
15 building or structure that is the basis upon which the credit
16 authorized by this section is claimed.

17 C. All requirements with respect to qualification for the
18 credit authorized by Section 47 of Title 26 of the United States
19 Code shall be applicable to the credit authorized by this section.

20 D. If the credit allowed pursuant to this section exceeds the
21 amount of income taxes due or if there are no state income taxes due
22 on the income of the taxpayer, the amount of the credit allowed but
23 not used in any taxable year may be carried forward as a credit
24

1 against subsequent income tax liability for a period not exceeding
2 ten (10) years following the qualified expenditures.

3 E. All rehabilitation work to which the credit may be applied
4 shall be reviewed by the State Historic Preservation Office which
5 will in turn forward the information to the National Park Service
6 for certification in accordance with 36 C.F.R., Part 67. A
7 certified historic structure may be rehabilitated for any lawful use
8 or uses, including without limitation mixed uses and still retain
9 eligibility for the credit provided for in this section.

10 F. The amount of the credit allowed for any credit claimed for
11 a certified historic hotel or historic newspaper plant building or
12 any certified historic structure, but not used, shall be freely
13 transferable, in whole or in part, to subsequent transferees at any
14 time during the five (5) years following the year of qualification.
15 Any person to whom or to which a tax credit is transferred shall
16 have only such rights to claim and use the credit under the terms
17 that would have applied to the entity by whom or by which the tax
18 credit was transferred. The provisions of this subsection shall not
19 limit the ability of a tax credit transferee to reduce the tax
20 liability of the transferee regardless of the actual tax liability
21 of the tax credit transferor for the relevant taxable period. The
22 transferor of the credit and the transferee shall jointly file a
23 copy of the written credit transfer agreement with the Oklahoma Tax
24 Commission within thirty (30) days of the transfer. Such filing of

1 the written credit transfer agreement with the Oklahoma Tax
2 Commission shall perfect such transfer. The written agreement shall
3 contain the name, address and taxpayer identification number of the
4 parties to the transfer, the amount of credit being transferred, the
5 year the credit was originally allowed to the transferor, the tax
6 year or years for which the credit may be claimed, and a
7 representation by the transferor that the transferor has neither
8 claimed for its own behalf nor conveyed such credits to any other
9 transferee. The Tax Commission shall develop a standard form for
10 use by subsequent transferees of the credit demonstrating
11 eligibility for the transferee to reduce its applicable tax
12 liabilities resulting from ownership of the credit. The Tax
13 Commission shall develop a system to record and track the transfers
14 of the credit and certify the ownership of the credit and may
15 promulgate rules to permit verification of the validity and
16 timeliness of a tax credit claimed upon a tax return pursuant to
17 this subsection but shall not promulgate any rules which unduly
18 restrict or hinder the transfers of such tax credit.

19 G. Notwithstanding any other provisions in this section, on or
20 after January 1, 2009, if a credit allowed pursuant to this section
21 which has been transferred is subsequently reduced as the result of
22 an adjustment by the Internal Revenue Service, Tax Commission, or
23 any other applicable government agency, only the transferor
24 originally allowed the credit and not any subsequent transferee of

1 the credit, shall be held liable to repay any amount of disallowed
2 credit.

3 H. As used in this section:

4 1. "Certified historic hotel or historic newspaper plant
5 building" means a hotel or newspaper plant building that is listed
6 on the National Register of Historic Places within thirty (30)
7 months of taking the credit pursuant to this section.

8 2. "Certified historic structure" means a building that is
9 listed on the National Register of Historic Places within thirty
10 (30) months of taking the credit pursuant to this section or a
11 building located in Oklahoma which is certified by the State
12 Historic Preservation Office as contributing to the historic
13 significance of a certified historic district listed on the National
14 Register of Historic Places, or a local district that has been
15 certified by the State Historic Preservation Office as eligible for
16 listing in the National Register of Historic Places; and

17 3. "Qualified rehabilitation expenditures" means capital
18 expenditures that qualify for the federal rehabilitation credit
19 provided in Section 47 of Title 26 of the United States Code and
20 that were paid after December 31, 2000. Qualified rehabilitation
21 expenditures do not include capital expenditures for nonhistoric
22 additions except an addition that is required by state or federal
23 regulations that relate to safety or accessibility. In addition,
24

1 qualified rehabilitation expenditures do not include expenditures
2 related to the cost of acquisition of the property.

3 I. No credit otherwise authorized by the provisions of this
4 section may be claimed for any event, transaction, investment,
5 expenditure or other act occurring on or after July 1, 2010, for
6 which the credit would otherwise be allowable until the provisions
7 of this subsection shall cease to be operative on July 1, 2012.
8 Beginning July 1, 2012, the credit authorized by this section may be
9 claimed for any event, transaction, investment, expenditure or other
10 act occurring on or after July 1, 2010, according to the provisions
11 of this section. Any tax credits which accrue during the period of
12 July 1, 2010, through June 30, 2012, may not be claimed for any
13 period prior to the taxable year beginning January 1, 2012. No
14 credits which accrue during the period of July 1, 2010, through June
15 30, 2012, may be used to file an amended tax return for any taxable
16 year prior to the taxable year beginning January 1, 2012.

17 J. The credit otherwise authorized by the provisions of this
18 section shall be reduced by twenty-five percent (25%) for any
19 taxable year which begins on or after January 1, 2018, and ends
20 before January 1, 2020. The provisions of this subsection shall not
21 be applicable to tax credits carried forward from any tax year which
22 began prior to January 1, 2018.

23 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.45, is
24 amended to read as follows:

1 Section 2357.45. A. 1. For tax years beginning after December
2 31, 2004, there shall be allowed against the tax imposed by Section
3 2355 of this title, a credit for any taxpayer who makes a donation
4 to an independent biomedical research institute and for tax years
5 beginning after December 31, 2010, a credit for any taxpayer who
6 makes a donation to a cancer research institute.

7 2. The credit authorized by paragraph 1 of this subsection
8 shall be limited as follows:

9 a. for calendar year 2007 and all subsequent years, but
10 not including tax years beginning on or after January
11 1, 2018, and ending before January 1, 2020, the credit
12 percentage, not to exceed fifty percent (50%), shall
13 be adjusted annually so that the total estimate of the
14 credits does not exceed Two Million Dollars
15 (\$2,000,000.00) annually. The formula to be used for
16 the percentage adjusted shall be fifty percent (50%)
17 times One Million Dollars (\$1,000,000.00) divided by
18 the credits claimed in the preceding year for each
19 donation to an independent biomedical research
20 institute and fifty percent (50%) times One Million
21 Dollars (\$1,000,000.00) divided by the credits claimed
22 in the preceding year for each donation to a cancer
23 research institute,

1 b. for tax years beginning on or after January 1, 2018,
2 and ending before January 1, 2020, the credit
3 percentage, not to exceed thirty-seven and five tenths
4 percent (37.5%), shall be adjusted annually so that
5 the total estimate of the credits does not exceed One
6 Million Five Hundred Thousand Dollars (\$1,500,000.00)
7 annually. The formula to be used for the percentage
8 adjusted shall be thirty-seven and five tenths percent
9 (37.5%) times One Million Dollars Seven Hundred Fifty
10 Thousand Dollars (\$750,000.00) divided by the credits
11 claimed in the preceding year for each donation to an
12 independent biomedical research institute and thirty-
13 seven and five tenths percent (37.5%) times Seven
14 Hundred Fifty Thousand Dollars (\$750,000.00) divided
15 by the credits claimed in the preceding year for each
16 donation to a cancer research institute,

17 ~~b.~~ c. in no event shall a taxpayer claim more than one
18 credit for a donation to any independent biomedical
19 research institute and one credit for a donation to a
20 cancer research institute in each taxable year nor
21 shall the credit exceed One Thousand Dollars
22 (\$1,000.00) for each taxpayer for each type of
23 donation,

1 ~~e.~~ d. for tax year 2011, no more than Fifty Thousand
2 Dollars (\$50,000.00) in total tax credits for
3 donations to a cancer research institute shall be
4 allowed,

5 ~~d.~~ e. in no event shall more than fifty percent (50%)
6 of the Two Million Dollars (\$2,000,000.00) in total
7 tax credits authorized by this section, for any
8 calendar year after the effective date of this act, be
9 allocated for credits for donations to a cancer
10 research institute, and

11 ~~e.~~ f. in the event the total tax credits authorized by
12 this section exceed One Million Dollars
13 (\$1,000,000.00) in any calendar year for either a
14 cancer research institute or an independent biomedical
15 research institute, the Oklahoma Tax Commission shall
16 permit any excess over One Million Dollars
17 (\$1,000,000.00) but shall factor such excess into the
18 percentage adjustment formula for subsequent years for
19 that type of donation. However, any such adjustment
20 to the formula for donations to an independent
21 biomedical research institute shall not affect the
22 formula for donations to a cancer research institute,
23 and any such adjustment to the formula for donations
24 to a cancer research institute shall not affect the

1 formula for donations to an independent biomedical
2 research institute.

3 3. For purposes of this section, "independent biomedical
4 research institute" means an organization which is exempt from
5 taxation pursuant to the provisions of Section 501(c)(3) of the
6 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
7 focus is conducting peer-reviewed basic biomedical research. The
8 organization shall:

- 9 a. have a board of directors,
- 10 b. be able to accept grants in its own name,
- 11 c. be an identifiable institute that has its own
12 employees and administrative staff, and
- 13 d. receive at least Fifteen Million Dollars
14 (\$15,000,000.00) in National Institute of Health
15 funding each year.

16 4. For purposes of this section, "cancer research institute"
17 means an organization which is exempt from taxation pursuant to the
18 Internal Revenue Code and whose primary focus is raising the
19 standard of cancer clinical care in Oklahoma through peer-reviewed
20 cancer research and education or a not-for-profit supporting
21 organization, as that term is defined by the Internal Revenue Code,
22 affiliated with a tax-exempt organization whose primary focus is
23 raising the standard of cancer clinical care in Oklahoma through
24 peer-reviewed cancer research and education. The tax-exempt

1 organization whose primary focus is raising the standard of cancer
2 clinical care in Oklahoma through peer-reviewed cancer research and
3 education shall:

4 a. either be an independent research institute or a
5 program that is part of a state university which is a
6 member of The Oklahoma State System of Higher
7 Education, and

8 b. receive at least Four Million Dollars (\$4,000,000.00)
9 in National Cancer Institute funding each year.

10 B. In no event shall the amount of the credit exceed the amount
11 of any tax liability of the taxpayer.

12 C. Any credits allowed but not used in any tax year may be
13 carried over, in order, to each of the four (4) years following the
14 year of qualification.

15 D. The Tax Commission shall have the authority to prescribe
16 forms for purposes of claiming the credit authorized by this
17 section.

18 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.206, as
19 last amended by Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp.
20 2017, Section 2357.206), is amended to read as follows:

21 Section 2357.206. A. This act shall be known and may be cited
22 as the "Oklahoma Equal Opportunity Education Scholarship Act".

23 B. 1. Except as provided in ~~subsection~~ subsections F and M of
24 this section, after August 26, 2011, there shall be allowed a credit

1 for any taxpayer who makes a contribution to an eligible
2 scholarship-granting organization. The credit shall be equal to
3 fifty percent (50%) of the total amount of contributions made during
4 a taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
5 single individuals, Two Thousand Dollars (\$2,000.00) for married
6 individuals filing jointly, or One Hundred Thousand Dollars
7 (\$100,000.00) for any taxpayer which is a legal business entity
8 including limited and general partnerships, corporations, subchapter
9 S corporations and limited liability companies; provided, if total
10 credits claimed pursuant to this paragraph exceed the caps
11 established pursuant to paragraph 1 of subsection D of this section,
12 the credit shall be equal to the taxpayer's proportionate share of
13 the cap for the taxable year, as determined pursuant to subsection H
14 of this section.

15 2. For any taxpayer who makes a contribution to an eligible
16 scholarship-granting organization and makes a written commitment to
17 contribute the same amount for an additional year, the credit for
18 the first year and the additional year shall be equal to seventy-
19 five percent (75%) of the total amount of the contribution made
20 during a taxable year, not to exceed the amounts established in
21 paragraph 1 of this subsection for the taxable year in which the
22 credit provided in this subsection is claimed. The taxpayer shall
23 provide evidence of the written commitment to the Oklahoma Tax
24 Commission at the time of filing the refund claim.

1 3. The credits authorized pursuant to the provisions of this
2 subsection shall be allocable to the partners, shareholders, members
3 or other equity owners of a taxpayer that is authorized to be
4 treated as a partnership for purposes of federal income tax
5 reporting for the taxable year for which the tax credits authorized
6 by this subsection are claimed on the applicable return, together
7 with required schedules, forms or reports of the partners,
8 shareholders, members or other equity owners of the taxpayer. Tax
9 credits which are allocated to such equity owners shall only be
10 limited in amount for the income tax return of a natural person or
11 persons based upon the limitation of the total credit amount to the
12 entity from which the tax credits have been allocated and shall not
13 be limited to One Thousand Dollars (\$1,000.00) for single
14 individuals or limited to Two Thousand Dollars (\$2,000.00) for
15 married persons filing a joint return.

16 4. On or before December 31, 2017, and once every four (4)
17 years thereafter, such scholarship-granting organization and
18 educational improvement granting organization shall submit to the
19 Governor, President Pro Tempore of the Senate and the Speaker of the
20 House of Representatives, an audited financial statement for the
21 organization along with information detailing the benefits,
22 successes or failures of the program.

23 C. 1. Except as provided in ~~subsection~~ subsections F and M of
24 this section, after August 26, 2011, there shall be allowed a credit

1 for any taxpayer who makes a contribution to an eligible educational
2 improvement grant organization. The credit shall be equal to fifty
3 percent (50%) of the total amount of contributions made during a
4 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
5 single individuals, Two Thousand Dollars (\$2,000.00) for married
6 individuals filing jointly, or One Hundred Thousand Dollars
7 (\$100,000.00) for any taxpayer which is a legal business entity
8 including limited and general partnerships, corporations, subchapter
9 S corporations and limited liability companies; provided, if total
10 credits claimed pursuant to this paragraph exceed the cap
11 established pursuant to paragraph 1 of subsection D of this section,
12 the credit shall be equal to the taxpayer's proportionate share of
13 the cap for the taxable year, as determined pursuant to subsection H
14 of this section.

15 2. For any taxpayer who makes a contribution to an eligible
16 educational improvement grant organization and makes a written
17 commitment to contribute the same amount for an additional year, the
18 credit for the first year and the additional year shall be equal to
19 seventy-five percent (75%) of the total amount of the contribution
20 made during a taxable year, not to exceed the amounts established in
21 paragraph 1 of this subsection for the taxable year in which the
22 credit provided in this subsection is claimed; provided, if total
23 credits claimed pursuant to this paragraph exceed the cap
24 established pursuant to paragraph 3 of this subsection, the credit

1 shall be equal to the taxpayer's proportionate share of the cap for
2 the taxable year, as determined pursuant to subsection H of this
3 section. The taxpayer shall provide evidence of the written
4 commitment to the Oklahoma Tax Commission at the time of filing the
5 refund claim.

6 3. The credits authorized pursuant to the provisions of this
7 subsection shall be allocable to the partners, shareholders, members
8 or other equity owners of a taxpayer that is authorized to be
9 treated as a partnership for purposes of federal income tax
10 reporting for the taxable year for which the tax credits authorized
11 by this subsection are claimed on the applicable return, together
12 with required schedules, forms or reports of the partners,
13 shareholders, members or other equity owners of the taxpayer. Tax
14 credits which are allocated to such equity owners shall only be
15 limited in amount for the income tax return of a natural person or
16 persons based upon the limitation of the total credit amount to the
17 entity from which the tax credits have been allocated and shall not
18 be limited to One Thousand Dollars (\$1,000.00) for single
19 individuals or limited to Two Thousand Dollars (\$2,000.00) for
20 married persons filing a joint return.

21 D. Except as otherwise provided pursuant to subsection H of
22 this section, for tax years 2017 and thereafter:
23
24

1 1. The total credits authorized pursuant to subsection B of
2 this section for all taxpayers shall not exceed Three Million Five
3 Hundred Thousand Dollars (\$3,500,000.00) annually;

4 2. The total credits authorized pursuant to subsection C of
5 this section for all taxpayers shall not exceed One Million Five
6 Hundred Thousand Dollars (\$1,500,000.00) annually; and

7 3. The cap on total credits provided for in this subsection
8 shall be allocated by the Tax Commission as provided in subsection H
9 of this section.

10 E. For credits claimed for eligible contributions made during
11 tax year 2014 and thereafter, a credit shall not be allowed by the
12 Oklahoma Tax Commission for contributions made to a scholarship-
13 granting organization or an educational improvement grant
14 organization if that organization's percentage of funds actually
15 awarded is less than ninety percent (90%). For purposes of this
16 section, the "percentage of funds actually awarded" shall be
17 determined by dividing the total amount of funds actually awarded as
18 educational scholarships or educational improvement grants over the
19 most recent twenty-four (24) months by the total amount available to
20 award as educational scholarships or educational improvement grants
21 over the most recent twenty-four (24) months.

22 F. Any tax credits which are earned by a taxpayer pursuant to
23 this section during the time period beginning on the effective date
24 of this act through December 31, 2012, may not be claimed for any

1 period prior to the taxable year beginning January 1, 2013. No
2 credits which accrue during the time period beginning on the
3 effective date of this act through December 31, 2012, may be used to
4 file an amended tax return for any taxable year prior to the taxable
5 year beginning January 1, 2013.

6 G. As used in this section:

7 1. "Eligible student" means a child of school age who is
8 lawfully present in the United States and who is a member of a
9 household in which the total annual income during the preceding tax
10 year does not exceed an amount equal to three hundred percent (300%)
11 of the income standard used to qualify for a free or reduced school
12 lunch or who, during the immediately preceding school year, attended
13 or, by virtue of the location of such student's place of residence,
14 was eligible to attend a public school in this state which has been
15 identified for school improvement as determined by the State Board
16 of Education pursuant to the requirements of the No Child Left
17 Behind Act of 2001, P.L. No. 107-110. Once a student has received
18 an educational scholarship, as defined in paragraph 3 of this
19 subsection, the student and any siblings who are members of the same
20 household shall remain eligible until they graduate from high school
21 or reach twenty-one (21) years of age, whichever occurs first;

22 2. "Eligible special needs student" means a child who has been
23 provided services under an Individual Family Service Plan through
24 the SoonerStart program and during transition was evaluated and

1 determined to be eligible for school district services, a child of
2 school age who has attended public school in our state with an
3 individualized education program pursuant to the Individuals With
4 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a
5 child who has been diagnosed by a clinical professional as having a
6 significant disability that will affect learning and who has been
7 approved by the board of a scholarship-granting organization;

8 3. "Educational scholarships" means:

9 a. scholarships to an eligible student of up to Five
10 Thousand Dollars (\$5,000.00) or eighty percent (80%)
11 of the statewide annual average per-pupil expenditure
12 as determined by the National Center for Education
13 Statistics, U.S. Department of Education, whichever is
14 greater, to cover all or part of the tuition, fees and
15 transportation costs of a qualified school which is
16 accredited by the State Board of Education or an
17 accrediting association approved by the Board pursuant
18 to Section 3-104 of Title 70 of the Oklahoma Statutes,

19 b. scholarships to an eligible student of up to Five
20 Thousand Dollars (\$5,000.00) or eighty percent (80%)
21 of the statewide annual average per-pupil expenditure
22 as determined by the National Center for Education
23 Statistics, U.S. Department of Education, whichever is
24 greater, to cover the educational costs of a qualified

1 school which does not charge tuition, which enrolls
2 special populations of students and which is
3 accredited by the State Board of Education or an
4 accrediting association approved by the Board pursuant
5 to Section 3-104 of Title 70 of the Oklahoma Statutes,
6 or

7 c. scholarships to an eligible special needs student of
8 up to Twenty-five Thousand Dollars (\$25,000.00) to
9 cover all or part of the tuition, fees and
10 transportation costs of a qualified school for
11 eligible special needs students which is accredited by
12 the State Board of Education or an accrediting
13 association approved by the Board pursuant to Section
14 3-104 of Title 70 of the Oklahoma Statutes;

15 4. "Low-income eligible student" means an eligible student or
16 eligible special needs student who qualifies for a free or reduced-
17 price lunch;

18 5. "Qualified school" means an early childhood, elementary or
19 secondary private school in this state, including schools which
20 provide special educational programs for three-year-olds or
21 prekindergarten educational programs for four-year-olds, which:

22 a. is accredited by the State Board of Education or an
23 accrediting association approved by the Board pursuant
24 to Section 3-104 of Title 70 of the Oklahoma Statutes,

- b. is in compliance with all applicable health and safety laws and codes,
- c. has a stated policy against discrimination in admissions on the basis of race, color, national origin or disability, and
- d. ensures academic accountability to parents and guardians of students through regular progress reports;

6. "Qualified school for eligible special needs students" means an early childhood, elementary or secondary private school in a county in this state, including schools which provide special educational programs for three-year-olds or prekindergarten educational programs for four-year-olds;

7. "Scholarship-granting organization" means an organization which:

- a. is a nonprofit entity exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- b. distributes periodic scholarship payments as checks made out to an eligible student's or eligible special needs student's parent or guardian and mailed to the qualified school where the student is enrolled,
- c. spends no more than ten percent (10%) of its annual revenue on expenditures other than educational

1 scholarships as defined in paragraph 3 of this
2 subsection,

3 d. spends each year a portion of its expenditures on
4 educational scholarships for low-income eligible
5 students, as defined in paragraph 4 of this
6 subsection, in an amount equal to or greater than the
7 percentage of low-income eligible students in the
8 state,

9 e. ensures that scholarships are portable during the
10 school year and can be used at any qualified school
11 that accepts the eligible student or at any qualified
12 school for special needs students that accepts the
13 eligible special needs student,

14 f. registers with the Oklahoma Tax Commission as a
15 scholarship-granting organization, and

16 g. has policies in place to:

17 (1) carry out criminal background checks on all
18 employees and board members to ensure that no
19 individual is involved with the organization who
20 might reasonably pose a risk to the appropriate
21 use of contributed funds, and

22 (2) maintain full and accurate records with respect
23 to the receipt of contributions and expenditures
24 of those contributions and supply such records

1 and any other documentation required by the Tax
2 Commission to demonstrate financial
3 accountability;

4 8. "Annual revenue" means the total amount or value of
5 contributions received by an organization from taxpayers awarded
6 credits during the organization's fiscal year and all amounts earned
7 from interest or investments;

8 9. "Public school" means public schools as defined in Section
9 1-106 of Title 70 of the Oklahoma Statutes;

10 10. "Eligible school" means any public school that is not
11 located within a ten-mile radius of a qualified school in this
12 state, or any public school that is located within a ten-mile radius
13 of a qualified school in this state but offers grade-level
14 instruction different from the qualified school or any public school
15 located within a public school district with fewer than four
16 thousand five hundred (4,500) students;

17 11. "Early childhood education program" means a special
18 educational program for eligible special needs students who are
19 three (3) years of age or a prekindergarten educational program
20 provided to children who are at least four (4) years of age but not
21 more than five (5) years of age on or before September 1;

22 12. "Innovative educational program" means an advanced academic
23 or academic improvement program that is not part of the regular
24 coursework of a public school but that enhances the curriculum or

1 academic program of the school or provides early childhood education
2 programs to students;

3 13. "Educational improvement grant" means a grant to an
4 eligible public school to implement an innovative educational
5 program for students, including the ability for multiple public
6 schools to make an application and be awarded a grant to jointly
7 provide an innovative educational program; and

8 14. "Educational improvement grant organization" means an
9 organization which:

10 a. is a nonprofit entity exempt from taxation pursuant to
11 the provisions of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3), and

13 b. contributes at least ninety percent (90%) of its
14 annual receipts as grants to eligible schools for
15 innovative educational programs. For purposes of this
16 subparagraph, an educational improvement grant
17 organization contributes its annual cash receipts when
18 it expends or otherwise irrevocably encumbers those
19 funds for expenditure during the then current fiscal
20 year of the organization or during the next succeeding
21 fiscal year of the organization.

22 H. Total credits authorized by this section shall be allocated
23 as follows:
24

1 1. By January 10 of the year immediately following each
2 calendar year, a scholarship-granting organization or an educational
3 improvement grant organization which accepts contributions pursuant
4 to this section shall provide electronically to the Tax Commission
5 information on each contribution accepted during such taxable year.
6 At least once each taxable year, the scholarship-granting
7 organization or the educational improvement grant organization shall
8 notify each contributor that Oklahoma law provides for a total,
9 statewide cap on the amount of income tax credits allowed annually;

10 2. a. If the Tax Commission determines the total combined
11 credits claimed for contributions made to scholarship-
12 granting organizations during the most recently
13 completed calendar year by all taxpayers are in excess
14 of the statewide caps provided in paragraph 1 of
15 subsection D of this section, the Tax Commission shall
16 first allocate any amount of credits not claimed for
17 contributions made to educational improvement-granting
18 organizations, then shall determine the percentage of
19 the contribution which establishes the proportionate
20 share of the credit which may be claimed by any
21 taxpayer so that the total maximum credits authorized
22 by this section are not exceeded.

23 b. If the Tax Commission determines the total combined
24 credits claimed for contributions made to educational

1 improvement grant organizations during the most
2 recently completed calendar year by all taxpayers are
3 in excess of the statewide caps provided in paragraph
4 2 of subsection D of this section, the Tax Commission
5 shall first allocate any amount of credits not claimed
6 for contributions made to scholarship-granting
7 organizations, then shall determine the percentage of
8 the contribution which establishes the proportionate
9 share of the credit which may be claimed by any
10 taxpayer so that the maximum credits authorized by
11 this section are not exceeded.

12 c. Beginning for tax year 2016, credits earned, but not
13 allowed due to the application of statewide caps
14 provided in subsection D of this section will be
15 considered suspended and authorized to be used in the
16 next immediate tax year and applied to the next year's
17 statewide cap; and

18 3. The Tax Commission shall publish the percentage of the
19 contribution which may be claimed as a credit by contributors for
20 the most recently completed calendar year on the Tax Commission
21 website no later than February 15 of each calendar year for
22 contributions made the previous year. Each scholarship-granting
23 organization or educational improvement grant organization shall
24 notify contributors of that amount annually.

1 I. The credit authorized by this section shall not be used to
2 reduce the tax liability of the taxpayer to less than zero (0).

3 J. Any credits allowed but not used in any tax year may be
4 carried over, in order, to each of the three (3) years following the
5 year of qualification.

6 K. 1. In order to qualify under this section, an educational
7 improvement grant organization shall submit an application with
8 information to the Oklahoma Tax Commission on a form prescribed by
9 the Tax Commission that:

10 a. enables the Tax Commission to confirm that the
11 organization is a nonprofit entity exempt from
12 taxation pursuant to the provisions of the Internal
13 Revenue Code, 26 U.S.C., Section 501(c)(3), and

14 b. describes the proposed innovative educational program
15 or programs supported by the organization.

16 2. The Tax Commission shall review and approve or disapprove
17 the application, in consultation with the State Department of
18 Education.

19 3. In order to maintain eligibility under this section, an
20 educational improvement grant organization shall annually report the
21 following information to the Tax Commission by September 1 of each
22 year:

23 a. the name of the innovative educational program or
24 programs and the total amount of the grant or grants

1 made to those programs during the immediately
2 preceding school year,

3 b. a description of how each grant was utilized during
4 the immediately preceding school year and a
5 description of any demonstrated or expected innovative
6 educational improvements,

7 c. the names of the public school and school districts
8 where innovative educational programs that received
9 grants during the immediately preceding school year
10 were implemented,

11 d. where the organization collects information on a
12 county-by-county basis, and

13 e. the total number and total amount of grants made
14 during the immediately preceding school year for
15 innovative educational programs at public school by
16 each county in which the organization made grants.

17 4. The information required under paragraph 3 of this
18 subsection shall be submitted on a form provided by the Tax
19 Commission. No later than May 1 of each year, the Tax Commission
20 shall annually distribute sample forms together with the forms on
21 which the reports are required to be made to each approved
22 organization.

1 5. The Tax Commission shall not require any other information
2 be provided by an organization, except as expressly authorized in
3 this section.

4 L. In consultation with the State Department of Education, the
5 Tax Commission shall promulgate rules necessary to implement this
6 act. The rules shall include procedures for the registration of a
7 scholarship-granting organization or an educational improvement
8 grant organization for purposes of determining if the organization
9 meets the requirements of this act or for the revocation of the
10 registration of an organization, if applicable, and for notice as
11 required in subsection H of this section.

12 M. The credit otherwise authorized by the provisions of this
13 section shall be reduced by twenty-five percent (25%) for any
14 taxable year which begins on or after January 1, 2018, and ends
15 before January 1, 2020. The provisions of this subsection shall not
16 be applicable to tax credits carried forward from any tax year which
17 began prior to January 1, 2018.

18 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.302, as
19 last amended by Section 1, Chapter 153, O.S.L. 2017 (68 O.S. Supp.
20 2017, Section 2357.302), is amended to read as follows:

21 Section 2357.302. A. Except as provided in ~~subsection~~
22 subsections F and G of this section, for taxable years beginning
23 after December 31, 2008, and ending before January 1, 2026, a
24 qualified employer shall be allowed a credit against the tax imposed

1 pursuant to Section 2355 of this title for tuition reimbursed to a
2 qualified employee.

3 B. The credit authorized by subsection A of this section may be
4 claimed only if the qualified employee has been awarded an
5 undergraduate or graduate degree within one (1) year of commencing
6 employment with the qualified employer.

7 C. The credit authorized by subsection A of this section shall
8 be in the amount of fifty percent (50%) of the tuition reimbursed to
9 a qualified employee for the first through fourth years of
10 employment. In no event shall this credit exceed fifty percent
11 (50%) of the average annual amount paid by a qualified employee for
12 enrollment and instruction in a qualified program at a public
13 institution in Oklahoma.

14 D. The credit authorized by subsection A of this section shall
15 not be used to reduce the tax liability of the qualified employer to
16 less than zero (0).

17 E. No credit authorized by this section shall be claimed after
18 the fourth year of employment.

19 F. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2010, for
22 which the credit would otherwise be allowable. The provisions of
23 this subsection shall cease to be operative on July 1, 2011.
24 Beginning July 1, 2011, the credit authorized by this section may be

1 claimed for any event, transaction, investment, expenditure or other
2 act occurring on or after July 1, 2011, according to the provisions
3 of this section.

4 G. The credit authorized by subsection A of this section shall,
5 for taxable years beginning on or after January 1, 2018, and ending
6 before January 1, 2020, be in the amount of thirty-seven and five
7 tenths percent (37.5%) of the tuition reimbursed to a qualified
8 employee for the first through fourth years of employment. In no
9 event shall this credit exceed thirty-seven and five tenths percent
10 (37.5%) of the average annual amount paid by a qualified employee
11 for enrollment and instruction in a qualified program at a public
12 institution in Oklahoma.

13 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.303, as
14 last amended by Section 2, Chapter 153, O.S.L. 2017 (68 O.S. Supp.
15 2017, Section 2357.303), is amended to read as follows:

16 Section 2357.303. A. Except as provided in ~~subsection~~
17 subsections F and G of this section, for taxable years beginning
18 after December 31, 2008, and ending before January 1, 2026, a
19 qualified employer shall be allowed a credit against the tax imposed
20 pursuant to Section 2355 of this title for compensation paid to a
21 qualified employee.

22 B. The credit authorized by subsection A of this section shall
23 be in the amount of:
24

1 1. Ten percent (10%) of the compensation paid for the first
2 through fifth years of employment in the aerospace sector if the
3 qualified employee graduated from an institution located in this
4 state; or

5 2. Five percent (5%) of the compensation paid for the first
6 through fifth years of employment in the aerospace sector if the
7 qualified employee graduated from an institution located outside
8 this state.

9 C. The credit authorized by this section shall not exceed
10 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
11 employee annually.

12 D. The credit authorized by this section shall not be used to
13 reduce the tax liability of the qualified employer to less than zero
14 (0).

15 E. No credit authorized pursuant to this section shall be
16 claimed after the fifth year of employment.

17 F. No credit otherwise authorized by the provisions of this
18 section may be claimed for any event, transaction, investment,
19 expenditure or other act occurring on or after July 1, 2010, for
20 which the credit would otherwise be allowable. The provisions of
21 this subsection shall cease to be operative on July 1, 2011.
22 Beginning July 1, 2011, the credit authorized by this section may be
23 claimed for any event, transaction, investment, expenditure or other
24

1 act occurring on or after July 1, 2011, according to the provisions
2 of this section.

3 G. For the taxable years beginning on or after January 1, 2018,
4 and ending before January 1, 2020, the credit authorized by
5 subsection A of this section shall be in the amount of:

6 1. Seven and five tenths percent (7.5%) of the compensation
7 paid for the first through fifth years of employment in the
8 aerospace sector if the qualified employee graduated from an
9 institution located in this state; or

10 2. Three and seventy-five hundredths percent (3.75%) of the
11 compensation paid for the first through fifth years of employment in
12 the aerospace sector if the qualified employee graduated from an
13 institution located outside this state.

14 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.304, as
15 last amended by Section 3, Chapter 153, O.S.L. 2017 (68 O.S. Supp.
16 2017, Section 2357.304), is amended to read as follows:

17 Section 2357.304. A. Except as provided in ~~subsection~~
18 subsections D and E of this section, for taxable years beginning
19 after December 31, 2008, and ending before January 1, 2026, a
20 qualified employee shall be allowed a credit against the tax imposed
21 pursuant to Section 2355 of this title of up to Five Thousand
22 Dollars (\$5,000.00) per year for a period of time not to exceed five
23 (5) years.

24

1 B. The credit authorized by this section shall not be used to
2 reduce the tax liability of the taxpayer to less than zero (0).

3 C. Any credit claimed, but not used, may be carried over, in
4 order, to each of the five (5) subsequent taxable years.

5 D. No credit otherwise authorized by the provisions of this
6 section may be claimed for any event, transaction, investment,
7 expenditure or other act occurring on or after July 1, 2010, for
8 which the credit would otherwise be allowable. The provisions of
9 this subsection shall cease to be operative on July 1, 2011.

10 Beginning July 1, 2011, the credit authorized by this section may be
11 claimed for any event, transaction, investment, expenditure or other
12 act occurring on or after July 1, 2011, according to the provisions
13 of this section.

14 E. The credit otherwise authorized by the provisions of this
15 section shall be reduced by twenty-five percent (25%) for any
16 taxable year which begins on or after January 1, 2018, and ends
17 before January 1, 2020. The provisions of this subsection shall not
18 be applicable to tax credits carried forward from any tax year which
19 began prior to January 1, 2018.

20 SECTION 10. AMENDATORY Section 1, Chapter 421, O.S.L.
21 2014 (68 O.S. Supp. 2017, Section 2357.403), is amended to read as
22 follows:

23 Section 2357.403. A. This act shall be known and may be cited
24 as the "Oklahoma Affordable Housing Act".

1 B. As used in this section:

2 1. "Allocation year" means the year for which the Oklahoma
3 Housing Finance Agency allocates credits pursuant to this section;

4 2. "Eligibility statement" means a statement authorized and
5 issued by the Oklahoma Housing Finance Agency certifying that a
6 given project qualifies for the Oklahoma Affordable Housing Tax
7 Credit authorized by this section. The Oklahoma Housing Finance
8 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
9 36, Affordable Housing Tax Credit Program Rules, shall promulgate
10 rules establishing criteria upon which the eligibility statements
11 will be issued. The eligibility statement shall specify the amount
12 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
13 project. The Oklahoma Housing Finance Agency shall only authorize
14 the tax credits created by this section to qualified projects which
15 are placed in service after July 1, 2015, but which shall not be
16 used to reduce tax liability accruing prior to January 1, 2016;

17 3. "Federal low-income housing tax credit" means the federal tax
18 credit as provided in Section 42 of the Internal Revenue Code of
19 1986, as amended;

20 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
21 created by this section;

22 5. "Qualified project" means a qualified low-income building as
23 that term is defined in Section 42 of the Internal Revenue Code of
24 1986, as amended, which is located in this state in a county with a

1 population of less than one hundred fifty thousand (150,000)
2 according to the latest Federal Decennial Census; and

3 6. "Taxpayer" means a person, firm or corporation subject to the
4 tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes or
5 an insurance company subject to the tax imposed by Section 624 or
6 628 of Title 36 of the Oklahoma Statutes or other financial
7 institution subject to the tax imposed by Section 2370 of Title 68
8 of the Oklahoma Statutes.

9 C. ~~For~~ Except as otherwise provided for in subsection L
10 qualified projects placed in service after July 1, 2015, the amount
11 of state tax credits created by this section which are allocated to a
12 project shall be equal to that of the federal low-income housing tax
13 credits for a qualified project. The total Oklahoma Affordable
14 Housing Tax Credits allocated to all qualified projects for an
15 allocation year shall not exceed Four Million Dollars
16 (\$4,000,000.00). For purposes of this section, the "credit period"
17 shall mean the period of ten (10) taxable years and "placed in
18 service" shall have the same meaning as is applicable under the
19 federal credit program.

20 D. A taxpayer owning an interest in an investment in a qualified
21 project shall be allowed Oklahoma Affordable Housing Tax Credits
22 under this section for tax years beginning on or after January 1,
23 2016, if the Oklahoma Housing Finance Agency issues an eligibility
24 statement for such project, which tax credit shall be allocated

1 among some or all of the partners, members or shareholders of the
2 taxpayer owning such interest in any manner agreed to by such
3 partners, members or shareholders. Such taxpayer may assign its
4 interest in the investment.

5 E. An insurance company claiming a credit against state premium
6 tax or retaliatory tax or any other tax imposed by Section 624 or 628
7 of Title 36 of the Oklahoma Statutes shall not be required to pay
8 any additional retaliatory tax under Section 628 of Title 36 of the
9 Oklahoma Statutes as a result of claiming the credit. The credit
10 may fully offset any retaliatory tax imposed by Section 628 of Title
11 36 of the Oklahoma Statutes.

12 F. The credit authorized by this section shall not be used to
13 reduce the tax liability of the taxpayer to less than zero (\$0.00).

14 G. Any credit claimed but not used in a taxable year may be
15 carried forward to each of the five (5) subsequent taxable years.

16 H. The owner of a qualified project eligible for the credit
17 authorized by this section shall submit, at the time of filing the
18 tax return with the Oklahoma Tax Commission, an eligibility
19 statement from the Oklahoma Housing Finance Agency. In the case of
20 failure to attach the eligibility statement, no credit under this
21 section shall be allowed with respect to such project for that year
22 until required documents are provided to the Tax Commission.

23 I. If under Section 42 of the Internal Revenue Code of 1986, as
24 amended, a portion of any federal low-income housing credits taken on

1 a qualified project is required to be recaptured during the first ten
2 (10) years after a project is placed in service, the taxpayer
3 claiming Oklahoma Affordable Housing Tax Credits with respect to such
4 project shall also be required to recapture a portion of such
5 credits. The amount of Oklahoma Affordable Housing Tax Credits
6 subject to recapture shall be proportionally equal to the amount of
7 federal low-income housing credits subject to recapture.

8 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
9 Commission may require the filing of additional documentation
10 necessary to determine the accuracy of a tax credit claimed.

11 K. The Oklahoma Affordable Housing Act shall undergo a review
12 every five (5) years by a committee of nine (9) persons, to be
13 appointed three persons each by the Governor, President Pro Tempore of
14 the Oklahoma State Senate and the Speaker of the Oklahoma House of
15 Representatives.

16 L. The credit otherwise authorized by the provisions of this
17 section shall be reduced by twenty-five percent (25%) for any
18 taxable year which begins on or after January 1, 2018, and ends
19 before January 2020. The provisions of this subsection shall not be
20 applicable to tax credits carried forward from any tax year which
21 began prior to January 1, 2018.

22 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2370.1, as
23 last amended by Section 1, Chapter 110, O.S.L. 2016 (68 O.S. Supp.
24 2017, Section 2370.1), is amended to read as follows:

1 Section 2370.1. A. ~~There~~ Except as provided for in subsection
2 G, there shall be allowed a credit against the tax imposed by
3 Section 2370 of this title for any state banking association,
4 national banking association and credit union organized under the
5 laws of this state for the amount of the guaranty fee paid by the
6 banking association or credit union to the United States Small
7 Business Administration pursuant to the "7(a)" loan guaranty
8 program.

9 B. The credit authorized by this section may be claimed for
10 guaranty fees paid on or after January 1, 2000, and before January
11 1, 2019.

12 C. No credit may be claimed pursuant to this section if,
13 pursuant to the agreement between the banking association or credit
14 union and the entity to which proceeds are made available, the
15 banking association or credit union adds the amount of the SBA 7(a)
16 loan guaranty fee to the amount financed by the borrower or in any
17 other way recovers the guaranty fee amount from the borrower.

18 D. The credit authorized by this section may be claimed and if
19 not fully used in the initial year for which the credit is claimed
20 may be carried over, in order, to each of the five (5) succeeding
21 taxable years. The credit authorized by this section may not be
22 used to reduce the tax liability of the credit claimant below zero
23 (0).

24

1 E. The Oklahoma Tax Commission shall prepare a report regarding
2 the amount of tax credits claimed as authorized by this section.
3 The report shall be submitted to the Speaker of the House of
4 Representatives and to the President Pro Tempore of the Senate not
5 later than March 31 of each year.

6 F. Pursuant to Section 46A of Title 62 of the Oklahoma
7 Statutes, there shall be a measurable goal of retaining and/or
8 creating two thousand jobs per year in Oklahoma for the credit
9 against the tax imposed by Section 2370 of this title.

10 G. The credit otherwise authorized by the provisions of this
11 section shall be reduced by twenty-five percent (25%) for any
12 taxable year which begins on or after January 1, 2018, and ends
13 before January 1, 2020. The provisions of this subsection shall not
14 be applicable to tax credits carried forward from any tax year which
15 began prior to January 1, 2018.

16 SECTION 12. AMENDATORY 68 O.S. 2011, Section 3624, as
17 amended by Section 1, Chapter 121, O.S.L. 2017 (68 O.S. Supp. 2017,
18 Section 3624), is amended to read as follows:

19 Section 3624. A. There is hereby created the Oklahoma Film
20 Enhancement Rebate Program. A rebate in the amount of up to
21 seventeen percent (17%) of documented expenditures made in Oklahoma
22 directly attributable to the production of a film, television
23 production, or television commercial, as defined in Section 3623 of
24 this title, in this state, may be paid to the production company

1 responsible for the production. Provided, for documented
2 expenditures made after July 1, 2009, but not including expenditures
3 made after June 30, 2018, and before July 1, 2020, the rebate amount
4 shall be thirty-five percent (35%), except as provided in subsection
5 B of this section. For documented expenditures made after December
6 31, 2017, and before January 1, 2020, the rebate amount shall be
7 twenty-six and twenty-five hundredths percent (26.25%), except as
8 provided in subsection B of this section.

9 B. The amount of rebate paid to the production company as
10 provided for in subsection A of this section shall be increased by
11 an additional two percent (2%) of documented expenditures if a
12 production company spends at least Twenty Thousand Dollars
13 (\$20,000.00) for the use of music created by an Oklahoma resident
14 that is recorded in Oklahoma or for the cost of recording songs or
15 music in Oklahoma for use in the production.

16 C. The rebate program shall be administered by the Office of
17 the Oklahoma Film and Music Commission and the Oklahoma Tax
18 Commission, as provided in the Compete with Canada Film Act.

19 D. To be eligible for a rebate payment:

20 1. The production company responsible for a film, television
21 production, or television commercial, as defined in Section 3623 of
22 this title, made in this state shall submit documentation to the
23 Office of the Oklahoma Film and Music Commission of the amount of
24 wages paid for employment in this state to residents of this state

1 directly relating to the production and the amount of other
2 production costs incurred in this state directly relating to the
3 production;

4 2. The production company has filed or will file any Oklahoma
5 tax return or tax document which may be required by law;

6 3. Except major studio productions, the production company
7 shall provide the name of the completion guarantor and a copy of the
8 bond guaranteeing the completion of the project or if a film has not
9 secured a completion bond, the production company shall provide
10 evidence that all Oklahoma crew and local vendors have been paid and
11 there are no liens against the production company pending in the
12 state;

13 4. The minimum budget for the film shall be Fifty Thousand
14 Dollars (\$50,000.00) of which not less than Twenty-five Thousand
15 Dollars (\$25,000.00) shall be expended in this state;

16 5. The production company shall provide evidence of financing
17 for production prior to the commencement of principal photography;
18 and

19 6. The production company shall provide evidence of a
20 certificate of general liability insurance with a minimum coverage
21 of One Million Dollars (\$1,000,000.00) and a workers' compensation
22 policy pursuant to state law, which shall include coverage of
23 employer's liability.

24

1 E. A production company shall not be eligible to receive both a
2 rebate payment pursuant to the provisions of this act and an
3 exemption from sales taxes pursuant to the provisions of paragraph
4 21 of Section 1357 of this title. If a production company has
5 received such an exemption from sales taxes and submits a claim for
6 rebate pursuant to the provisions of the Compete with Canada Film
7 Act, the company shall be required to fully repay the amount of the
8 exemption to the Tax Commission. A claim for a rebate shall include
9 documentation from the Tax Commission that repayment has been made
10 as required herein or shall include an affidavit from the production
11 company that the company has not received an exemption from sales
12 taxes pursuant to the provisions of paragraph 21 of Section 1357 of
13 this title.

14 F. The Office shall approve or disapprove all claims for rebate
15 and shall notify the Tax Commission. The Tax Commission shall, upon
16 notification of approval from the Office of the Film and Music
17 Commission, issue payment for all approved claims from funds in the
18 Oklahoma Film Enhancement Rebate Program Revolving Fund created in
19 Section 3625 of this title. Provided, no claims for rebate for
20 expenditures made on or after July 1, 2009, shall be paid prior to
21 July 1, 2010. The amount of payments in any single fiscal year
22 shall, not including fiscal year 2019 and fiscal year 2020, not
23 exceed Four Million Dollars (\$4,000,000.00). The amount of payments
24 in fiscal year 2019 and fiscal year 2020 shall not exceed Three

1 Million Dollars (\$3,000,000.00) for each fiscal year. If the amount
2 of approved claims exceeds the amount specified in this subsection
3 in a fiscal year, payments shall be made in the order in which the
4 claims are approved by the Office. If an approved claim is not paid
5 in whole or in part, the unpaid claim or unpaid portion may be paid
6 in the following fiscal year subject to the limitations specified in
7 this subsection.

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