

1 **SENATE FLOOR VERSION**

2 February 23, 2016

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 916

6 By: Mazzei and Quinn of the  
7 Senate

8 [ tax credits - short title - eliminating certain  
9 credit - placing annual cap on amount of credits -  
10 modifying amount which may be claimed -  
11 noncodification -

12 emergency ]

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

14 SECTION 1. NEW LAW A new section of law not to be  
15 codified in the Oklahoma Statutes reads as follows:

16 This act shall be known and may be cited as the "The Tax Credit  
17 Reform Act of 2016".

18 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357, as  
19 last amended by Section 1, Chapter 147, O.S.L. 2015 (68 O.S. Supp.  
20 2015, Section 2357), is amended to read as follows:

21 Section 2357. A. The withheld taxes and estimated taxes paid  
22 shall be allowed as credits as provided by law.

23 B. 1. There shall be allowed as a credit against the tax  
24 imposed by Section 2355 of this title the amount of tax paid another

1 state by a resident individual, as defined in paragraph 4 of Section  
2 2353 of this title, upon income received as compensation for  
3 personal services in such other state; provided, such credit shall  
4 not be allowed with respect to any income specified in Section 114  
5 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon  
6 which a state is prohibited from imposing an income tax. The credit  
7 shall not exceed such proportion of the tax payable under Section  
8 2355 of this title as the compensation for personal services subject  
9 to tax in the other state and also taxable under Section 2355 of  
10 this title bears to the Oklahoma adjusted gross income as defined in  
11 paragraph 13 of Section 2353 of this title.

12 2. For tax years beginning after December 31, 2007, and ending  
13 before January 1, 2016, there shall be allowed to a resident  
14 individual or part-year resident individual or nonresident  
15 individual member of the Armed Forces as a credit against the tax  
16 imposed by Section 2355 of this title twenty percent (20%) of the  
17 credit for child care expenses allowed under the Internal Revenue  
18 Code of the United States or five percent (5%) of the child tax  
19 credit allowed under the Internal Revenue Code, whichever amount is  
20 greater. Neither credit authorized by this paragraph shall exceed  
21 the tax imposed by Section 2355 of this title. The maximum child  
22 care credit allowable on the Oklahoma income tax return shall be  
23 prorated on the ratio that Oklahoma adjusted gross income bears to  
24 the federal adjusted gross income. The credit authorized by this

1 paragraph shall not be claimed by any taxpayer if the federal  
2 adjusted gross income reflected on the Oklahoma return for the  
3 taxpayer is in excess of One Hundred Thousand Dollars (\$100,000.00).

4 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.4, as  
5 amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,  
6 Section 2357.4), is amended to read as follows:

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

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

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

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

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

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

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

24

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 credit allowed by subsection A of this section shall be  
11 the greater amount of either:

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

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

19 H. The credit allowed by subsection B of this section shall be  
20 the greater amount of either:

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

23 2. One Thousand Dollars (\$1,000.00) for each new employee.  
24

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

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

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

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

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

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

24



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

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

1        L. Except for tax credits allowed from investment or job  
2 creation occurring prior to January 1, 2016, the total amount of  
3 credits authorized by this section allowed for tax year 2016 or any  
4 subsequent tax year shall be limited to Twenty-five Million Dollars  
5 (\$25,000,000.00). The amount of the credit for each taxpayer shall  
6 be adjusted annually so that the total estimate of the credits  
7 authorized by this section does not exceed Twenty-five Million  
8 Dollars (\$25,000,000.00). The formula to be used for the percentage  
9 adjustment shall be Twenty-five Million Dollars (\$25,000,000.00)  
10 divided by the credits claimed in the preceding year.

11        SECTION 4.        AMENDATORY        68 O.S. 2011, Section 2357.22, as  
12 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.  
13 2015, Section 2357.22), is amended to read as follows:

14        Section 2357.22.    A. ~~For~~ Except as otherwise provided in  
15 subsection J of this section, for tax years beginning before January  
16 1, 2020, there shall be allowed a one-time credit against the income  
17 tax imposed by Section 2355 of this title for investments in  
18 qualified clean-burning motor vehicle fuel property placed in  
19 service after December 31, 1990.

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

22        1. Equipment installed to modify a motor vehicle which is  
23 propelled by gasoline or diesel fuel so that the vehicle may be  
24 propelled by a hydrogen fuel cell, compressed natural gas, liquefied

1 natural gas or liquefied petroleum gas; provided, equipment  
2 installed on a vehicle propelled by a hydrogen fuel cell shall only  
3 be eligible for tax year 2010. The equipment covered by this  
4 paragraph must:

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

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

24

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

3           a. directly related to the delivery of compressed natural  
4 gas, liquefied natural gas or liquefied petroleum gas,  
5 or hydrogen, for commercial purposes or for a fee or  
6 charge, into the fuel tank of a motor vehicle  
7 propelled by such fuel including compression equipment  
8 and storage tanks for such fuel at the point where  
9 such fuel is so delivered but only if such property is  
10 not used to deliver such fuel into any other type of  
11 storage tank or receptacle and such fuel is not used  
12 for any purpose other than to propel a motor vehicle,  
13 or

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

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

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

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

10 D. The credit provided for in subsection A of this section  
11 shall be as follows:

12 1. After the effective date of this act, for the qualified  
13 clean-burning motor vehicle fuel property defined in paragraph 1 or  
14 2 of subsection B of this section, forty-five percent (45%) of the  
15 cost of the qualified clean-burning motor vehicle fuel property;

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

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

1 E. In cases where no credit has been claimed pursuant to  
2 paragraph 1 of subsection D of this section by any prior owner and  
3 in which a motor vehicle is purchased by a taxpayer with qualified  
4 clean-burning motor vehicle fuel property installed by the  
5 manufacturer of such motor vehicle and the taxpayer is unable or  
6 elects not to determine the exact basis which is attributable to  
7 such property, the taxpayer may claim a credit in an amount not  
8 exceeding the lesser of ten percent (10%) of the cost of the motor  
9 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

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

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

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

24

1 I. Notwithstanding the provisions of Section 2352 of this  
2 title, for the fiscal year beginning on July 1, 2014, and each  
3 fiscal year thereafter, the Tax Commission shall calculate an amount  
4 that equals five percent (5%) of the cost of qualified clean-burning  
5 motor vehicle fuel property as provided for in paragraph 1 of  
6 subsection D of this section for tax year 2012. For each subsequent  
7 fiscal year thereafter, the Tax Commission shall perform the same  
8 computation with respect to the second tax year preceding the  
9 beginning of each subsequent fiscal year. The Tax Commission shall  
10 then transfer an amount equal to the amount calculated in this  
11 subsection from the revenue derived pursuant to the provisions of  
12 subsections A, B and E of Section 2355 of this title to the  
13 Compressed Natural Gas Conversion Safety and Regulation Fund created  
14 in Section ~~13 of this act~~ 130.25 of Title 74 of the Oklahoma  
15 Statutes.

16 J. Except for tax credits allowed for investments in qualified  
17 clean-burning motor vehicle fuel property placed in service prior to  
18 January 1, 2016, the total amount of credits authorized by this  
19 section allowed for tax year 2016 or any subsequent tax year shall  
20 be limited to Five Million Dollars (\$5,000,000.00). The amount of  
21 the credit for each taxpayer shall be adjusted annually so that the  
22 total estimate of the credits authorized by this section does not  
23 exceed Five Million Dollars (\$5,000,000.00). The formula to be used  
24 for the percentage adjustment shall be Five Million Dollars

1 (\$5,000,000.00) divided by the credits claimed in the preceding  
2 year.

3 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.32A, as  
4 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,  
5 Section 2357.32A), is amended to read as follows:

6 Section 2357.32A. A. Except as otherwise provided in  
7 ~~subsection H~~ subsections H and I of this section, for tax years  
8 beginning on or after January 1, 2003, there shall be allowed a  
9 credit against the tax imposed by Section 2355 of this title to a  
10 taxpayer for the taxpayer's production and sale to an unrelated  
11 person of electricity generated by zero-emission facilities located  
12 in this state. As used in this section:

13 1. "Electricity generated by zero-emission facilities" means  
14 electricity that is exclusively produced by any facility located in  
15 this state with a rated production capacity of one megawatt (1 mw)  
16 or greater, constructed for the generation of electricity and placed  
17 in operation after June 4, 2001, which utilizes eligible renewable  
18 resources as its fuel source. The construction and operation of  
19 such facilities shall result in no pollution or emissions that are  
20 or may be harmful to the environment, pursuant to a determination by  
21 the Department of Environmental Quality; and

22 2. "Eligible renewable resources" means resources derived from:  
23 a. wind,  
24 b. moving water,



1 c. sun, or

2 d. geothermal energy.

3 B. For facilities placed in operation on or after January 1,  
4 2003, and before January 1, 2007, the amount of the credit for the  
5 electricity generated on or after January 1, 2003, but prior to  
6 January 1, 2004, shall be seventy-five one-hundredths of one cent  
7 (\$0.0075) for each kilowatt-hour of electricity generated by zero-  
8 emission facilities. For electricity generated on or after January  
9 1, 2004, but prior to January 1, 2007, the amount of the credit  
10 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-  
11 hour for electricity generated by zero-emission facilities. For  
12 electricity generated on or after January 1, 2007, but prior to  
13 January 1, 2012, the amount of the credit shall be twenty-five one-  
14 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity  
15 generated by zero-emission facilities. For facilities placed in  
16 operation on or after January 1, 2007, and before January 1, 2021,  
17 the amount of the credit for the electricity generated on or after  
18 January 1, 2007, shall be fifty one-hundredths of one cent (\$0.0050)  
19 for each kilowatt-hour of electricity generated by zero-emission  
20 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 I. Except for tax credits allowed for electricity generated  
19 before January 1, 2016, the total amount of credits authorized by  
20 this section allowed for tax year 2016 or any subsequent tax year  
21 shall be limited to Ten Million Dollars (\$10,000,000.00). The  
22 amount of the credit for each taxpayer shall be adjusted annually so  
23 that the total estimate of the credits authorized by this section  
24 does not exceed Ten Million Dollars (\$10,000,000.00). The formula

1 to be used for the percentage adjustment shall be Ten Million  
2 Dollars (\$10,000,000.00) divided by the credits claimed in the  
3 preceding year.

4 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.41, is  
5 amended to read as follows:

6 Section 2357.41. A. Except as otherwise provided by ~~subsection~~  
7 ~~±~~ subsections I and J of this section, for tax years beginning after  
8 December 31, 2000, there shall be allowed a credit against the tax  
9 imposed by Sections 2355 and 2370 of this title or that portion of  
10 the tax imposed by Section 624 or 628 of Title 36 of the Oklahoma  
11 Statutes that would otherwise have been apportioned to the General  
12 Revenue Fund for qualified rehabilitation expenditures incurred in  
13 connection with any certified historic hotel or historic newspaper  
14 plant building located in an increment or incentive district created  
15 pursuant to the Local Development Act or for qualified  
16 rehabilitation expenditures incurred after January 1, 2006, in  
17 connection with any certified historic structure.

18 B. The amount of the credit shall be one hundred percent (100%)  
19 of the federal rehabilitation credit provided for in Section 47 of  
20 Title 26 of the United States Code. The credit authorized by this  
21 section may be claimed at any time after the relevant local  
22 governmental body responsible for doing so issues a certificate of  
23 occupancy or other document that is a precondition for the

24

1 applicable use of the building or structure that is the basis upon  
2 which the credit authorized by this section is claimed.

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

6 D. If the credit allowed pursuant to this section exceeds the  
7 amount of income taxes due or if there are no state income taxes due  
8 on the income of the taxpayer, the amount of the credit allowed but  
9 not used in any taxable year may be carried forward as a credit  
10 against subsequent income tax liability for a period not exceeding  
11 ten (10) years following the qualified expenditures.

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

19 F. The amount of the credit allowed for any credit claimed for  
20 a certified historic hotel or historic newspaper plant building or  
21 any certified historic structure, but not used, shall be freely  
22 transferable, in whole or in part, to subsequent transferees at any  
23 time during the five (5) years following the year of qualification.  
24 Any person to whom or to which a tax credit is transferred shall

1 have only such rights to claim and use the credit under the terms  
2 that would have applied to the entity by whom or by which the tax  
3 credit was transferred. The provisions of this subsection shall not  
4 limit the ability of a tax credit transferee to reduce the tax  
5 liability of the transferee regardless of the actual tax liability  
6 of the tax credit transferor for the relevant taxable period. The  
7 transferor of the credit and the transferee shall jointly file a  
8 copy of the written credit transfer agreement with the Oklahoma Tax  
9 Commission within thirty (30) days of the transfer. Such filing of  
10 the written credit transfer agreement with the Oklahoma Tax  
11 Commission shall perfect such transfer. The written agreement shall  
12 contain the name, address and taxpayer identification number of the  
13 parties to the transfer, the amount of credit being transferred, the  
14 year the credit was originally allowed to the transferor, the tax  
15 year or years for which the credit may be claimed, and a  
16 representation by the transferor that the transferor has neither  
17 claimed for its own behalf nor conveyed such credits to any other  
18 transferee. The Tax Commission shall develop a standard form for  
19 use by subsequent transferees of the credit demonstrating  
20 eligibility for the transferee to reduce its applicable tax  
21 liabilities resulting from ownership of the credit. The Tax  
22 Commission shall develop a system to record and track the transfers  
23 of the credit and certify the ownership of the credit and may  
24 promulgate rules to permit verification of the validity and



1 | timeliness of a tax credit claimed upon a tax return pursuant to  
2 | this subsection but shall not promulgate any rules which unduly  
3 | restrict or hinder the transfers of such tax credit.

4 |       G. Notwithstanding any other provisions in this section, on or  
5 | after January 1, 2009, if a credit allowed pursuant to this section  
6 | which has been transferred is subsequently reduced as the result of  
7 | an adjustment by the Internal Revenue Service, Tax Commission, or  
8 | any other applicable government agency, only the transferor  
9 | originally allowed the credit and not any subsequent transferee of  
10 | the credit, shall be held liable to repay any amount of disallowed  
11 | credit.

12 |       H. As used in this section:

13 |       1. "Certified historic hotel or historic newspaper plant  
14 | building" means a hotel or newspaper plant building that is listed  
15 | on the National Register of Historic Places within thirty (30)  
16 | months of taking the credit pursuant to this section.

17 |       2. "Certified historic structure" means a building that is  
18 | listed on the National Register of Historic Places within thirty  
19 | (30) months of taking the credit pursuant to this section or a  
20 | building located in Oklahoma which is certified by the State  
21 | Historic Preservation Office as contributing to the historic  
22 | significance of a certified historic district listed on the National  
23 | Register of Historic Places, or a local district that has been  
24 |

1 certified by the State Historic Preservation Office as eligible for  
2 listing in the National Register of Historic Places; and

3 3. "Qualified rehabilitation expenditures" means capital  
4 expenditures that qualify for the federal rehabilitation credit  
5 provided in Section 47 of Title 26 of the United States Code and  
6 that were paid after December 31, 2000. Qualified rehabilitation  
7 expenditures do not include capital expenditures for nonhistoric  
8 additions except an addition that is required by state or federal  
9 regulations that relate to safety or accessibility. In addition,  
10 qualified rehabilitation expenditures do not include expenditures  
11 related to the cost of acquisition of the property.

12 I. No credit otherwise authorized by the provisions of this  
13 section may be claimed for any event, transaction, investment,  
14 expenditure or other act occurring on or after July 1, 2010, for  
15 which the credit would otherwise be allowable until the provisions  
16 of this subsection shall cease to be operative on July 1, 2012.  
17 Beginning July 1, 2012, the credit authorized by this section may be  
18 claimed for any event, transaction, investment, expenditure or other  
19 act occurring on or after July 1, 2010, according to the provisions  
20 of this section. Any tax credits which accrue during the period of  
21 July 1, 2010, through June 30, 2012, may not be claimed for any  
22 period prior to the taxable year beginning January 1, 2012. No  
23 credits which accrue during the period of July 1, 2010, through June

1 30, 2012, may be used to file an amended tax return for any taxable  
2 year prior to the taxable year beginning January 1, 2012.

3 J. Except for tax credits allowed for qualified rehabilitation  
4 expenditures incurred before January 1, 2016, the total amount of  
5 credits authorized by this section allowed for tax year 2016 or any  
6 subsequent tax year shall be limited to Five Million Dollars  
7 (\$5,000,000.00). The amount of the credit for each taxpayer shall  
8 be adjusted annually so that the total estimate of the credits  
9 authorized by this section does not exceed Five Million Dollars  
10 (\$5,000,000.00). The formula to be used for the percentage  
11 adjustment shall be Five Million Dollars (\$5,000,000.00) divided by  
12 the credits claimed in the preceding year.

13 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.43, is  
14 amended to read as follows:

15 Section 2357.43. For tax years beginning after December 31,  
16 2001, and ending before January 1, 2016, there shall be allowed to a  
17 resident individual or a part-year resident individual as a credit  
18 against the tax imposed by Section 2355 of this title five percent  
19 (5%) of the earned income tax credit allowed under Section 32 of the  
20 Internal Revenue Code of the United States, 26 U.S.C., Section 32;  
21 provided, for tax years beginning on or after January 1, 2016, the  
22 credit shall be equal to four percent (4%) of the amount allowed  
23 under Section 32 of the Internal Revenue Code of the United States,  
24 26 U.S.C., Section 32. However, this credit shall not be paid in

1 advance pursuant to the provisions of Section 3507 of the Internal  
2 Revenue Code. If the credit exceeds the tax imposed by Section 2355  
3 of this title, the excess amount shall be refunded to the taxpayer.  
4 The maximum earned income tax credit allowable on the Oklahoma  
5 income tax return shall be prorated on the ratio that Oklahoma  
6 adjusted gross income bears to the federal adjusted gross income.

7 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.46, is  
8 amended to read as follows:

9 Section 2357.46. A. Except as otherwise provided by ~~subsection~~  
10 G subsections G and H of this section, for tax years beginning after  
11 December 31, 2005, there shall be allowed a credit against the tax  
12 imposed by Section 2355 of Title 68 of Oklahoma Statutes for  
13 eligible expenditures incurred by a contractor in the construction  
14 of energy efficient residential property of two thousand (2,000)  
15 square feet or less. The amount of the credit shall be based upon  
16 the following:

17 1. For any eligible energy efficient residential property  
18 constructed and certified as forty percent (40%) or more above the  
19 International Energy Conservation Code 2003 and any supplement in  
20 effect at the time of completion, the amount of the credit shall be  
21 equal to the eligible expenses, not to exceed Four Thousand Dollars  
22 (\$4,000.00) for the taxpayer who is the contractor; and

23 2. For any eligible energy efficient residential property  
24 constructed and certified as between twenty percent (20%) and

1 thirty-nine percent (39%) above the International Energy  
2 Conservation Code 2003 and any supplement in effect at the time of  
3 completion, the credit shall be equal to the eligible expenditures,  
4 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who  
5 is the contractor.

6 B. As used in this section:

7 1. "Eligible expenditure" means any:

8 a. energy efficient heating or cooling system,

9 b. insulation material or system which is specifically  
10 and primarily designed to reduce the heat gain or loss  
11 of a residential property when installed in or on such  
12 property,

13 c. exterior windows, including skylights,

14 d. exterior doors, and

15 e. any metal roof installed on a residential property,  
16 but only if such roof has appropriate pigmented  
17 coatings which are specifically and primarily designed  
18 to reduce the heat gain of such dwelling unit and  
19 which meet Energy Star program requirements;

20 2. "Contractor" means the taxpayer who constructed the  
21 residential property or manufactured home, or if more than one  
22 taxpayer qualifies as the contractor, the primary contractor; and

23 3. "Eligible energy efficient residential property" means a  
24 newly constructed residential property or manufactured home property

1 which is located in the State of Oklahoma and substantially complete  
2 after December 31, 2005, and which is two thousand (2,000) square  
3 feet or less:

4 a. for the credit provided pursuant to paragraph 1 of  
5 subsection A of this section, which is certified by an  
6 accredited Residential Energy Services Network

7 Provider using the Home Energy Rating System to have:

8 (1) a level of annual heating and cooling energy  
9 consumption which is at least forty percent (40%)  
10 below the annual level of heating and cooling  
11 energy consumption of a comparable residential  
12 property constructed in accordance with the  
13 standards of Chapter 4 of the 2003 International  
14 Energy Conservation Code, as such code is in  
15 effect on the effective date of this act,

16 (2) heating and cooling equipment efficiencies which  
17 correspond to the minimum allowed under the  
18 regulations established by the Department of  
19 Energy pursuant to the National Appliance Energy  
20 Conservation Act of 1987 and in effect at the  
21 time of construction of the property, and

22 (3) building envelope component improvements which  
23 account for at least one-fifth of the reduced  
24

1 annual heating and cooling energy consumption  
2 levels,

3 b. for the credit provided pursuant to paragraph 2 of  
4 subsection A of this section, which is certified by an  
5 accredited Residential Energy Services Network  
6 Provider using the Home Energy Rating System to have:

7 (1) a level of annual heating and cooling energy  
8 consumption which is between twenty percent (20%)  
9 and thirty-nine percent (39%) below the annual  
10 level of heating and cooling energy consumption  
11 of a comparable residential property constructed  
12 in accordance with the standards of Chapter 4 of  
13 the 2003 International Energy Conservation Code,  
14 as such code is in effect on the effective date  
15 of this act,

16 (2) heating and cooling equipment efficiencies which  
17 correspond to the minimum allowed under the  
18 regulations established by the Department of  
19 Energy pursuant to the National Appliance Energy  
20 Conservation Act of 1987 and in effect at the  
21 time of construction of the property, and

22 (3) building envelope component improvements which  
23 account for at least one-third of the reduced  
24

1 annual heating and cooling energy consumption  
2 levels.

3 C. The credit provided for in subsection A of this section may  
4 only be claimed once for the contractor of any eligible residential  
5 energy efficient property during the taxable year when the property  
6 is substantially complete.

7 D. If the credit allowed pursuant to this section exceeds the  
8 amount of income taxes due or if there are no state income taxes due  
9 on the income of the taxpayer, the amount of credit allowed but not  
10 used in any taxable year may be carried forward as a credit against  
11 subsequent income tax liability for a period not exceeding four (4)  
12 years following the qualified expenditures.

13 E. For credits earned on or after the effective date of this  
14 act, the credits authorized by this section shall be freely  
15 transferable to subsequent transferees.

16 F. The Oklahoma Tax Commission shall promulgate rules necessary  
17 to implement this act.

18 G. No credit otherwise authorized by the provisions of this  
19 section may be claimed for any event, transaction, investment,  
20 expenditure or other act occurring on or after July 1, 2010 for  
21 which the credit would otherwise be allowable. The provisions of  
22 this subsection shall cease to be operative on July 1, 2012.  
23 Beginning July 1, 2012, the credit authorized by this section may be  
24 claimed for any event, transaction, investment, expenditure or other



1 act occurring on or after July 1, 2012, according to the provisions  
2 of this section.

3 H. Except for tax credits allowed for qualified rehabilitation  
4 expenditures incurred before January 1, 2016, the total amount of  
5 credits authorized by this section allowed for tax year 2016 or any  
6 subsequent tax year shall be limited to Three Million Dollars  
7 (\$3,000,000.00). The amount of the credit for each taxpayer shall  
8 be adjusted annually so that the total estimate of the credits  
9 authorized by this section does not exceed Three Million Dollars  
10 (\$3,000,000.00). The formula to be used for the percentage  
11 adjustment shall be Three Million Dollars (\$3,000,000.00) divided by  
12 the credits claimed in the preceding year.

13 SECTION 9. AMENDATORY Section 1, Chapter 421, O.S.L.  
14 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as  
15 follows:

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

18 B. As used in this section:

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

21 2. "Eligibility statement" means a statement authorized and  
22 issued by the Oklahoma Housing Finance Agency certifying that a  
23 given project qualifies for the Oklahoma Affordable Housing Tax  
24 Credit authorized by this section. The Oklahoma Housing Finance

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

10 3. "Federal low-income housing tax credit" means the federal tax  
11 credit as provided in Section 42 of the Internal Revenue Code of  
12 1986, as amended;

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

15 5. "Qualified project" means a qualified low-income building as  
16 that term is defined in Section 42 of the Internal Revenue Code of  
17 1986, as amended, which is located in this state in a county with a  
18 population of less than one hundred fifty thousand (150,000)  
19 according to the latest Federal Decennial Census; and

20 6. "Taxpayer" means a person, firm or corporation subject to the  
21 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~  
22 this title or an insurance company subject to the tax imposed by  
23 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other  
24

1 financial institution subject to the tax imposed by Section 2370 of  
2 ~~Title 68 of the Oklahoma Statutes~~ this title.

3 C. For qualified projects placed in service after July 1, 2015,  
4 the amount of state tax credits created by this section which are  
5 allocated to a project shall be equal to that of the federal low-  
6 income housing tax credits for a qualified project. The total  
7 Oklahoma Affordable Housing Tax Credits allocated to all qualified  
8 projects ~~for an allocation year~~ shall not exceed ~~Four Million Dollars~~  
9 ~~(\$4,000,000.00)~~;

10 1. Two Million Dollars (\$2,000,000.00) for projects placed in  
11 service before July 1, 2016;

12 2. One Million Five Hundred Thousand Dollars (\$1,500,000.00) for  
13 projects placed into service on or after July 1, 2016, and before  
14 January 1, 2017; and

15 3. Three Million Dollars (\$3,000,000.00) for projects placed  
16 into service during any allocation year which begins on or after  
17 January 1, 2017.

18 For purposes of this section, the "credit period" shall mean the  
19 period of ten (10) taxable years and "placed in service" shall have  
20 the same meaning as is applicable under the federal credit program.

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

1 statement for such project, which tax credit shall be allocated  
2 among some or all of the partners, members or shareholders of the  
3 taxpayer owning such interest in any manner agreed to by such  
4 partners, members or shareholders. Such taxpayer may assign its  
5 interest in the investment.

6 E. An insurance company claiming a credit against state premium  
7 tax or retaliatory tax or any other tax imposed by Section 624 or 628  
8 of Title 36 of the Oklahoma Statutes shall not be required to pay  
9 any additional retaliatory tax under Section 628 of Title 36 of the  
10 Oklahoma Statutes as a result of claiming the credit. The credit  
11 may fully offset any retaliatory tax imposed by Section 628 of Title  
12 36 of the Oklahoma Statutes.

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

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

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

24

1 I. If under Section 42 of the Internal Revenue Code of 1986, as  
2 amended, a portion of any federal low-income housing credits taken on  
3 a qualified project is required to be recaptured during the first ten  
4 (10) years after a project is placed in service, the taxpayer  
5 claiming Oklahoma Affordable Housing Tax Credits with respect to such  
6 project shall also be required to recapture a portion of such  
7 credits. The amount of Oklahoma Affordable Housing Tax Credits  
8 subject to recapture shall be proportionally equal to the amount of  
9 federal low-income housing credits subject to recapture.

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

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

18 SECTION 10. AMENDATORY 68 O.S. 2011, Section 5011, is  
19 amended to read as follows:

20 Section 5011. A. Except as otherwise provided by this section,  
21 beginning with the calendar year 1990 and for each calendar year  
22 through 1998, and for calendar year 2003, any individual who is a  
23 resident of and is domiciled in this state during the entire  
24 calendar year for which the filing is made and whose gross household

1 income for such year does not exceed Twelve Thousand Dollars  
2 (\$12,000.00) may file a claim for sales tax relief.

3 B. For calendar years 1999, 2002 and 2004, any individual who  
4 is a resident of and is domiciled in this state during the entire  
5 calendar year for which the filing is made may file a claim for  
6 sales tax relief if the gross household income for such year does  
7 not exceed the following amounts:

8 1. For an individual not subject to the provisions of paragraph  
9 2 of this subsection and claiming no allowable personal exemption  
10 other than the allowable personal exemption for that individual or  
11 the spouse of that individual, Fifteen Thousand Dollars  
12 (\$15,000.00); or

13 2. For an individual claiming one or more allowable personal  
14 exemptions other than the allowable personal exemption for that  
15 individual or the spouse of that individual, an individual with a  
16 physical disability constituting a substantial handicap to  
17 employment, or an individual who is sixty-five (65) years of age or  
18 older at the close of the tax year, Thirty Thousand Dollars  
19 (\$30,000.00).

20 C. For calendar years 2000, 2001, 2005 and following, an  
21 individual who is a resident of and is domiciled in this state  
22 during the entire calendar year for which the filing is made may  
23 file a claim for sales tax relief if the gross household income for  
24 such year does not exceed the following amounts:

1           1. For an individual not subject to the provisions of paragraph  
2 2 of this subsection and claiming no allowable personal exemption  
3 other than the allowable personal exemption for that individual or  
4 the spouse of that individual, Twenty Thousand Dollars (\$20,000.00);  
5 or

6           2. For an individual claiming one or more allowable personal  
7 exemptions other than the allowable personal exemption for that  
8 individual or the spouse of that individual, an individual with a  
9 physical disability constituting a substantial handicap to  
10 employment, or an individual who is sixty-five (65) years of age or  
11 older at the close of the tax year, Fifty Thousand Dollars  
12 (\$50,000.00).

13           D. The amount of the claim filed pursuant to the Sales Tax  
14 Relief Act shall be Forty Dollars (\$40.00) multiplied by the number  
15 of allowable personal exemptions for tax years which end on or  
16 before December 31, 2015, and Thirty Dollars (\$30.00) for tax years  
17 which begin on or after January 1, 2016. As used in the Sales Tax  
18 Relief Act, "allowable personal exemption" means a personal  
19 exemption to which the taxpayer would be entitled pursuant to the  
20 provisions of the Oklahoma Income Tax Act, except for:

21           1. The exemptions such taxpayer would be entitled to pursuant  
22 to Section 2358 of this title if such taxpayer or spouse is blind or  
23 sixty-five (65) years of age or older at the close of the tax year;

24

1           2. An exemption for a person convicted of a felony if during  
2 all or any part of the calendar year for which the claim is filed  
3 such person was an inmate in the custody of the Department of  
4 Corrections; or

5           3. An exemption for a person if during all or any part of the  
6 calendar year for which the claim is filed such person resided  
7 outside of this state.

8           E. A person convicted of a felony shall not be permitted to  
9 file a claim for sales tax relief pursuant to the provisions of  
10 Sections 5010 through 5016 of this title for the period of time  
11 during which the person is an inmate in the custody of the  
12 Department of Corrections. Such period of time shall include the  
13 entire calendar year if the person is in the custody of the  
14 Department of Corrections during any part of the calendar year. The  
15 provisions of this subsection shall not prohibit all other members  
16 of the household of an inmate from filing a claim based upon the  
17 personal exemptions to which the household members would be entitled  
18 pursuant to the provisions of the Oklahoma Income Tax Act.

19           F. The Department of Corrections shall withhold up to fifty  
20 percent (50%) of any money inmates receive for claims made pursuant  
21 to the Sales Tax Relief Act prior to September 1, 1991, for costs of  
22 incarceration.

23           G. For purposes of Section 139.105 of Title 17 of the Oklahoma  
24 Statutes, the gross household income of any individual who may file



1 a claim for sales tax relief shall not exceed Twelve Thousand  
2 Dollars (\$12,000.00).

3 ~~SECTION 11. It being immediately necessary for the preservation~~  
4 ~~of the public peace, health and safety, an emergency is hereby~~  
5 ~~declared to exist, by reason whereof this act shall take effect and~~  
6 ~~be in full force from and after its passage and approval.~~

7 COMMITTEE REPORT BY: COMMITTEE ON FINANCE  
8 February 23, 2016 - DO PASS AS AMENDED  
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