

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 HOUSE BILL 1371

By: Dank

4  
5  
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 27A  
8 O.S. 2011, Section 2-11-303, 36 O.S. 2011, Section  
9 625.1, and 68 O.S. 2011, Sections 2357, 2357.4,  
10 2357.6, 2357.11, 2357.22, 2357.25, 2357.26, 2357.27,  
11 2357.30, 2357.32A, 2357.32B, 2357.40, 2357.41,  
12 2357.45, 2357.46, 2357.47, 2357.59, 2357.66, 2357.67,  
13 2357.81, 2357.100, 2357.101, 2357.102, 2357.104,  
14 2357.201, 2357.203, 2370, 2370.3 and 54006, which  
15 relate to tax credits; modifying dates for purposes  
16 of tax credit moratorium; modifying provisions  
17 related to accrual of certain tax credits; providing  
18 tax credit provisions not to be utilized unless  
19 measure enacted pursuant to provisions of the  
20 Oklahoma Constitution; providing an effective date;  
21 and declaring an emergency.

22  
23  
24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 27A O.S. 2011, Section 2-11-303,  
is amended to read as follows:

Section 2-11-303. A. Except as otherwise provided in  
subsection C of this section, any person, firm, corporation or other  
legal entity engaged, or proposing to engage, in the recycling,  
reuse or source reduction of any hazardous waste, the processing of  
which is certified as provided in Section 2-11-305 of this title,

1 shall be entitled to a one-time credit against its income tax  
2 liability, as provided in Section 2-11-304 of this title, of not to  
3 exceed twenty percent (20%) of the net investment cost of equipment  
4 and installation of processes used for the recycling, reuse, or  
5 source reduction of hazardous waste. Provided, that:

6 1. The credit allowed to be taken shall not exceed the income  
7 tax liability for such year for such person, firm, corporation or  
8 legal entity;

9 2. The tax credit to be allowed shall not extend to or include  
10 plant operating expenses;

11 3. The person, firm, corporation or other legal entity applying  
12 for such tax credit actually uses the recycling, reuse, or source  
13 reduction process;

14 4. The tax credit is taken within three (3) years of the  
15 installation and actual use of such process; and

16 5. The tax credit allowed by any person, firm, corporation or  
17 other legal entity for any three (3) consecutive tax years shall not  
18 exceed a total of Fifty Thousand Dollars (\$50,000.00).

19 B. The investment cost of such process may be treated as a  
20 depreciable asset for income tax purposes.

21 C. No credit otherwise authorized by the provisions of this  
22 section may be claimed for any event, transaction, investment,  
23 expenditure or other act occurring on or after July 1, ~~2010~~ 2012,  
24 for which the credit would otherwise be allowable. ~~The provisions~~

1 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
2 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
3 ~~claimed for any event, transaction, investment, expenditure or other~~  
4 ~~act occurring on or after July 1, 2012, according to the provisions~~  
5 ~~of this section. The credit authorized by this section shall not be~~  
6 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
7 ~~passes a measure, enacted into law in the manner prescribed by the~~  
8 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
9 ~~credit for any event, transaction, investment or expenditure~~  
10 ~~occurring on or after July 1, 2014.~~

11 SECTION 2. AMENDATORY 36 O.S. 2011, Section 625.1, is  
12 amended to read as follows:

13 Section 625.1 A. A foreign or alien insurer which is subject  
14 to the tax imposed by Section 624 of this title shall be entitled to  
15 a credit against said tax actually paid to and placed in the General  
16 Revenue Fund of the state, not including any of said tax monies  
17 placed in pension funds and not including any of said tax monies  
18 placed in escrow, if, during the year for which the tax is being  
19 assessed, the insurer or its affiliate maintained a regional home  
20 office in this state in a building owned or leased by the insurer.  
21 To receive a credit against the tax imposed for the year in which  
22 the regional home office was established, said office must have been  
23 maintained continuously from on or before August 1 of that year  
24 through the last day of the calendar year. For succeeding years, an

1 insurer or its affiliate shall have maintained the regional home  
2 office continuously from the first day of the calendar year for  
3 which the tax is imposed through the last day of that calendar year.

4 The Home Office Credit shall be calculated as follows:

5 1. Until June 30, 2010, the credit shall be equal to the  
6 following percentages of the amount due after the credits authorized  
7 by Sections 624.1 and 625 of this title have been deducted:

8 a. fifteen percent (15%), if there are more than two  
9 hundred full-time, year-round Oklahoma employees, but  
10 less than three hundred full-time, year-round Oklahoma  
11 employees,

12 b. twenty-five percent (25%), if there are more than  
13 three hundred full-time, year-round Oklahoma  
14 employees, but less than four hundred full-time, year-  
15 round Oklahoma employees,

16 c. thirty-five percent (35%), if there are more than four  
17 hundred full-time, year-round Oklahoma employees, but  
18 less than five hundred full-time, year-round Oklahoma  
19 employees, or

20 d. fifty percent (50%), if there are five hundred or more  
21 full-time, year-round Oklahoma employees; and

22 2. Beginning July 1, 2010, in the calculation of the credit,  
23 the amount to be apportioned to the Oklahoma Firefighters Pension  
24 and Retirement Fund, the Oklahoma Police Pension and Retirement

1 System and the Law Enforcement Retirement Fund shall be applied  
2 prior to the calculation of the credit. The amount of the credit  
3 shall be derived from amounts remaining after the apportionment to  
4 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma  
5 Police Pension and Retirement System and the Law Enforcement  
6 Retirement Fund. The credit shall be calculated by first applying a  
7 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to  
8 the gross premium tax owed by the insurer and then determining the  
9 allowable credit by applying the following percentages of the amount  
10 due after the credits authorized by Sections 624.1 and 625 of this  
11 title have been deducted:

- 12 a. fifteen percent (15%), if there are more than two  
13 hundred full-time, year-round Oklahoma employees, but  
14 less than three hundred full-time, year-round Oklahoma  
15 employees,
- 16 b. twenty-five percent (25%), if there are more than  
17 three hundred full-time, year-round Oklahoma  
18 employees, but less than four hundred full-time, year-  
19 round Oklahoma employees,
- 20 c. thirty-five percent (35%), if there are more than four  
21 hundred full-time, year-round Oklahoma employees, but  
22 less than five hundred full-time, year-round Oklahoma  
23 employees, or

24

1           d.    fifty percent (50%), if there are five hundred or more  
2                   full-time, year-round Oklahoma employees.

3           B.    A domestic insurer with four hundred or more full-time,  
4 year-round Oklahoma employees which is subject to the tax imposed by  
5 Section 624 of this title shall be entitled to a credit against said  
6 tax actually paid to and placed in the General Revenue Fund of the  
7 state, not including any of said tax monies placed in pension funds  
8 and not including any of said tax monies placed in escrow, if,  
9 during the year previous to the year for which the tax is being  
10 assessed, the insurer or its affiliate maintained a regional home  
11 office in this state in a building owned or leased by the insurer  
12 and during the year for which the tax is being assessed, the insurer  
13 establishes its home office in this state in a building owned or  
14 leased by the insurer. To receive a credit against the tax imposed  
15 for the year in which the home office was established, said office  
16 must have been maintained continuously from on or before August 1 of  
17 that year through the last day of the calendar year. For succeeding  
18 years, an insurer shall have maintained the home office continuously  
19 from the first day of the calendar year for which the tax is imposed  
20 through the last day of that calendar year. Insurers who take  
21 action before August 1, 2000, to establish their home office in this  
22 state shall be entitled to a credit against the tax imposed on or  
23 after January 1, 2001, which shall be in addition to the credit the  
24

1 insurer is entitled to for that year. The Home Office Credit shall  
2 be calculated as follows:

3 1. Until June 30, 2010, the credit shall be equal to the  
4 following percentages of the amount due after the credits authorized  
5 by Sections 624.1 and 625 of this title have been deducted:

6 a. thirty-five percent (35%), if there are more than four  
7 hundred full-time, year-round Oklahoma employees, but  
8 less than five hundred full-time, year-round Oklahoma  
9 employees, or

10 b. fifty percent (50%), if there are five hundred or more  
11 full-time, year-round Oklahoma employees; and

12 2. Beginning July 1, 2010, in the calculation of the credit,  
13 the amount to be apportioned to the Oklahoma Firefighters Pension  
14 and Retirement Fund, the Oklahoma Police Pension and Retirement  
15 System and the Law Enforcement Retirement Fund shall be applied  
16 prior to the calculation of the credit. The amount of the credit  
17 shall be derived from amounts remaining after the apportionment to  
18 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma  
19 Police Pension and Retirement System and the Law Enforcement  
20 Retirement Fund. The credit shall be calculated by first applying a  
21 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to  
22 the gross premium tax owed by the insurer and then determining the  
23 allowable credit by applying the following percentages of the amount  
24

1 due after the credits authorized by Sections 624.1 and 625 of this  
2 title have been deducted:

3 a. thirty-five percent (35%), if there are more than four  
4 hundred full-time, year-round Oklahoma employees, but  
5 less than five hundred full-time, year-round Oklahoma  
6 employees, or

7 b. fifty percent (50%), if there are five hundred or more  
8 full-time, year-round Oklahoma employees.

9 C. A domestic insurer which is subject to the tax imposed by  
10 Section 624 of this title shall be entitled to a credit against said  
11 tax actually paid to and placed in the General Revenue Fund of the  
12 state, not including any of said tax monies placed in pension funds  
13 and not including any of said tax monies placed in escrow, if,  
14 during the year for which the tax is being assessed, the insurer  
15 maintained a regional home office in at least five or more counties  
16 in this state in buildings owned or leased by the insurer. To  
17 receive a credit against the tax imposed for the year in which the  
18 regional home offices were established, said offices must have been  
19 maintained continuously from on or before August 1 of that year  
20 through the last day of the calendar year. For succeeding years, an  
21 insurer shall have maintained the regional home offices continuously  
22 from the first day of the calendar year for which the tax is imposed  
23 through the last day of that calendar year. The Home Office Credit  
24 shall be calculated as follows:



1           1.   Until June 30, 2010, the credit shall be equal to the  
2 percentage of the amount due after the credits authorized by  
3 Sections 624.1 and 625 of this title have been deducted as  
4 established in subsection A of this section; and

5           2.   Beginning July 1, 2010, in the calculation of the credit,  
6 the amount to be apportioned to the Oklahoma Firefighters Pension  
7 and Retirement Fund, the Oklahoma Police Pension and Retirement  
8 System and the Law Enforcement Retirement Fund shall be applied  
9 prior to the calculation of the credit. The amount of the credit  
10 shall be derived from amounts remaining after the apportionment to  
11 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma  
12 Police Pension and Retirement System and the Law Enforcement  
13 Retirement Fund. The credit shall be calculated by first applying a  
14 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to  
15 the gross premium tax owed by the insurer and then determining the  
16 allowable credit by applying the percentage of the amount due after  
17 the credits authorized by Sections 624.1 and 625 of this title have  
18 been deducted as established in subsection A of this section.

19           D.   Proof that an insurer qualifies for the credit authorized by  
20 this section shall be on forms prescribed by the Insurance  
21 Commissioner and shall be submitted to the Commissioner annually  
22 with the report which is filed pursuant to Section 624 of the  
23 Insurance Code.

1 E. The credit provided for in subsections A, B and C of this  
2 section shall be based on the total number of Oklahoma employees in  
3 the regional or home office when a group of insurers which are under  
4 common management and control maintain a regional home office or  
5 home office in this state in a building owned or leased by the group  
6 of insurers. The credit provided for in subsections A, B and C of  
7 this section may be allocated among the insurance company and the  
8 insurance company affiliates at the discretion of the insurance  
9 company on a per-insurance-company basis.

10 F. As used in this section:

11 1. "Regional home office" means an office transacting  
12 insurance, as defined in Section 105 of this title, and performing  
13 insurance company operations, which is defined as one or more or any  
14 combination of the following functions and services performed in  
15 connection with the development, sale, and administration of  
16 products giving rise to receipts subject to a premium tax on  
17 domestic and foreign insurance companies, or domestic or foreign  
18 health care insurance corporations: actuarial, medical, legal,  
19 investments, accounting, auditing, underwriting, policy issuance,  
20 information, policyholder services, premium collection, claims,  
21 advertising and publications, public relations, human resources,  
22 marketing, sales office staff, training of sales and service  
23 personnel, and clerical, managerial, and other support for any such  
24 functions or services;

1           2. "Common management and control" means the possession, direct  
2 or indirect, of the power to direct or cause the direction of the  
3 management and policies of an insurer, whether through the ownership  
4 of voting securities, by contract, or otherwise, unless the power is  
5 executed by a person acting in an official capacity, performing  
6 duties imposed and exercising authority granted because of the  
7 person's position as an officer or employee of the insurer. Control  
8 shall be presumed to exist if any person, directly or indirectly,  
9 owns, controls, holds with the power to vote, or holds proxies  
10 representing twenty-five percent (25%) or more of the voting  
11 securities of the insurer;

12           3. "Oklahoma employees" means persons who are employed in  
13 Oklahoma after January 1, 2000, and who are common law employees of  
14 an insurance company or its affiliate. Oklahoma employees do not  
15 include independent contractors or any persons to the extent that  
16 the compensation of that person is based on commissions;

17           4. "Insurance company" means any entity subject to a premium  
18 tax on domestic and foreign insurance companies, or domestic or  
19 foreign health care insurance corporations, including the attorney-  
20 in-fact authorized by and acting for the subscribers of a reciprocal  
21 insurer or inter-insurance exchange under powers of attorney. A  
22 reciprocal and its attorney-in-fact shall be a single entity; and

23           5. "Home office" means the executive offices of an insurance  
24 company which is domiciled in this state.

1 G. Each insurer or insurance group requesting a credit under  
2 this section shall certify by affidavit, approved as to form by the  
3 Commissioner, that the insurer has met all of the qualifications  
4 required by this section and is authorized to a credit against the  
5 premium tax which actually shall be paid to, and placed in the  
6 General Revenue Fund of the state, exclusive of any amounts of the  
7 tax which shall be credited to pension funds pursuant to law and  
8 exclusive of any amounts which shall be placed into escrow. The  
9 Commissioner may do an examination for the sole purpose of  
10 certifying that all requirements of this section are being met by  
11 the insurer requesting to obtain any credits against premium tax.

12 H. For the fiscal year beginning July 1, 2006, and for each  
13 fiscal year thereafter, and notwithstanding any other provisions of  
14 Title 36 of the Oklahoma Statutes or any other provision of law  
15 governing the order in which the credit authorized by this section  
16 is to be deducted from the liability of the company claiming such  
17 credit to the contrary, the credit authorized by this section shall  
18 be deducted from the insurance premium tax liability of the company  
19 claiming such credit prior to the deduction of any other credits  
20 that may be claimed against such liability.

21 I. The credit authorized by this section shall not be utilized  
22 for any period after June 30, 2014, unless the Legislature passes a  
23 measure, enacted into law in the manner prescribed by the Oklahoma  
24 Constitution, to reauthorize the ability to claim the credit for any

1 event, transaction, investment or expenditure occurring on or after  
2 July 1, 2014.

3 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357, is  
4 amended to read as follows:

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

7 B. 1. There shall be allowed as a credit against the tax  
8 imposed by Section 2355 of this title the amount of tax paid another  
9 state by a resident individual, as defined in paragraph 4 of Section  
10 2353 of this title, upon income received as compensation for  
11 personal services in such other state; provided, such credit shall  
12 not be allowed with respect to any income specified in Section 114  
13 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon  
14 which a state is prohibited from imposing an income tax. The credit  
15 shall not exceed such proportion of the tax payable under Section  
16 2355 of this title as the compensation for personal services subject  
17 to tax in the other state and also taxable under Section 2355 of  
18 this title bears to the Oklahoma adjusted gross income as defined in  
19 paragraph 13 of Section 2353 of this title.

20 2. For tax years beginning after December 31, 2007, there shall  
21 be allowed to a resident individual or part-year resident individual  
22 or nonresident individual member of the Armed Forces as a credit  
23 against the tax imposed by Section 2355 of this title twenty percent  
24 (20%) of the credit for child care expenses allowed under the

1 Internal Revenue Code of the United States or five percent (5%) of  
2 the child tax credit allowed under the Internal Revenue Code,  
3 whichever amount is greater. Neither credit authorized by this  
4 paragraph shall exceed the tax imposed by Section 2355 of this  
5 title. The maximum child care credit allowable on the Oklahoma  
6 income tax return shall be prorated on the ratio that Oklahoma  
7 adjusted gross income bears to the federal adjusted gross income.  
8 The credit authorized by this paragraph shall not be claimed by any  
9 taxpayer if the federal adjusted gross income reflected on the  
10 Oklahoma return for the taxpayer is in excess of One Hundred  
11 Thousand Dollars (\$100,000.00).

12 C. 1. Except as otherwise provided by paragraph 3 of this  
13 subsection, every taxpayer who operates a manufacturing  
14 establishment in the state shall be allowed a direct credit against  
15 income taxes owed by such taxpayer to the state, the amount of which  
16 credit shall be proportioned to the amount of gas used or consumed  
17 in Oklahoma by such taxpayer in the operation of a manufacturing  
18 establishment, at a rate of three (3) mills per thousand (1,000)  
19 cubic feet of gas used or consumed after May 1, 1971, and during  
20 each taxable year of such taxpayer provided that the credit allowed  
21 herein shall not apply to the first twenty-five thousand (25,000)  
22 MCF of gas used or gas used to generate electricity or consumed  
23 after May 1, 1971, and during each taxable year of such taxpayer.

24 2. As used in this subsection:

1 a. "manufacturing establishment" means a plant or  
2 establishment which engages in the business of working  
3 raw materials into wares suitable for use or which  
4 gives new shapes, new qualities or new combinations to  
5 matter which has already gone through some artificial  
6 process,

7 b. "gas used or consumed" shall include all natural or  
8 casinghead gas used in the operation of the  
9 manufacturing establishment for whatever purposes, but  
10 shall not include the following:

11 (1) gas which, after being severed from the earth, is  
12 subsequently injected into a formation in the  
13 state for the purpose of storing, recycling,  
14 repressuring or pressure maintenance,

15 (2) gas vented or flared directly into the  
16 atmosphere,

17 (3) gas used for fuel in connection with the  
18 operation and development for or production of  
19 oil or gas in the field where produced, and

20 (4) gas, any part of which is resold by the  
21 manufacturing establishment, except as to that  
22 part and quantity of the gas which is actually  
23 used by the establishment and not resold, and  
24

1           c. "one thousand (1,000) cubic feet of gas" (MCF) means  
2           that quantity of gas which, measured at a pressure of  
3           fifteen and twenty-five thousandths (15.025) pounds  
4           per square inch absolute and at a temperature of  
5           sixty-nine (69) degrees Fahrenheit, would have the  
6           volume of one thousand (1,000) cubic feet.

7           3. No credit otherwise authorized by the provisions of this  
8           subsection may be claimed for any event, transaction, investment,  
9           expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
10          for which the credit would otherwise be allowable. ~~The provisions~~  
11          ~~of this paragraph shall cease to be operative on July 1, 2012.~~  
12          ~~Beginning July 1, 2012, the credit authorized by this subsection may~~  
13          ~~be claimed for any event, transaction, investment, expenditure or~~  
14          ~~other act occurring on or after July 1, 2012, according to the~~  
15          ~~provisions of this subsection.~~ The credit authorized by this  
16          section shall not be utilized for any period after June 30, 2014,  
17          unless the Legislature passes a measure, enacted into law in the  
18          manner prescribed by the Oklahoma Constitution, to reauthorize the  
19          ability to claim the credit for any event, transaction, investment  
20          or expenditure occurring on or after July 1, 2014.

21          D. No additions to tax shall be made in Oklahoma income tax  
22          returns by reason of the recapture or restoration of credits under  
23          the Internal Revenue Code, and no other credits against tax shall be  
24          allowed in Oklahoma income tax returns except as follows:



1 1. Those credits provided in this section; and

2 2. Those credits authorized by Sections 2-5-101 through 2-5-118  
3 of Title 27A of the Oklahoma Statutes, which have been, or may  
4 hereafter be, certified pursuant to applications therefor made on or  
5 before March 22, 1971. Provided, the total amount of the credits  
6 referred to in this subparagraph to be taken by the taxpayer shall  
7 not exceed the certified net investment cost of the facilities or  
8 processes to which such credits pertain, reduced by the greater of:

9 a. the reduction in federal income tax of taxpayer as the  
10 result of deducting depreciation on such facilities or  
11 processes, or deducting nondepreciable costs for which  
12 credit has been so certified, or

13 b. the increase in the amount of Oklahoma income tax that  
14 would result if taxable income were increased by the  
15 amount deducted as set forth in subparagraph a of this  
16 paragraph.

17 And, provided further, that, after such credits have been exhausted,  
18 taxpayer shall each year thereafter adjust taxable income by adding  
19 any depreciation taken on such facilities or processes, or any  
20 nondepreciable costs having been included in the net investment cost  
21 allowed as credit, and which depreciation or costs have been allowed  
22 as a deduction in arriving at federal taxable income for such year.

23 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.4, is  
24 amended to read as follows:

1 Section 2357.4 A. Except as otherwise provided in subsection F  
2 of Section 3658 of this title and in subsection J of this section,  
3 for taxable years beginning after December 31, 1987, there shall be  
4 allowed a credit against the tax imposed by Section 2355 of this  
5 title for:

6 1. Investment in qualified depreciable property placed in  
7 service during those years for use in a manufacturing operation, as  
8 defined in Section 1352 of this title, which has received a  
9 manufacturer exemption permit pursuant to the provisions of Section  
10 1359.2 of this title or a qualified aircraft maintenance or  
11 manufacturing facility as defined in paragraph ~~14~~ 16 of Section 1357  
12 of this title in this state or a qualified web search portal as  
13 defined in paragraph ~~35~~ 38 of Section 1357 of this title; or

14 2. A net increase in the number of full-time-equivalent  
15 employees engaged in manufacturing, processing or aircraft  
16 maintenance in this state including employees engaged in support  
17 services.

18 B. Except as otherwise provided in subsection F of Section 3658  
19 of this title and in subsection J of this section, for taxable years  
20 beginning after December 31, 1998, there shall be allowed a credit  
21 against the tax imposed by Section 2355 of this title for:

22 1. Investment in qualified depreciable property with a total  
23 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)  
24 within three (3) years from the date of initial qualifying

1 expenditure and placed in service in this state during those years  
2 for use in the manufacture of products described by any Industry  
3 Number contained in Division D of Part I of the Standard Industrial  
4 Classification (SIC) Manual, latest revision; or

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

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

19       D. If a business entity fails to expend the amount required by  
20 paragraph 1 or paragraph 2 of subsection B of this section within  
21 the time required, the business entity may not claim the credit  
22 authorized by subsection B of this section, but shall be allowed to  
23 claim a credit pursuant to subsection A of this section if the  
24 requirements of subsection A of this section are met with respect to

1 the investment in qualified depreciable property or net increase in  
2 the number of full-time-equivalent employees.

3 E. The credit provided for in subsection A of this section, if  
4 based upon investment in qualified depreciable property, shall not  
5 be allowed unless the investment in qualified depreciable property  
6 is at least Fifty Thousand Dollars (\$50,000.00). The credit  
7 provided for in subsection A or B of this section shall not be  
8 allowed if the applicable investment is the direct cause of a  
9 decrease in the number of full-time-equivalent employees. Qualified  
10 property shall be limited to machinery, fixtures, equipment,  
11 buildings or substantial improvements thereto, placed in service in  
12 this state during the taxable year. The taxable years for which the  
13 credit may be allowed if based upon investment in qualified  
14 depreciable property shall be measured from the year in which the  
15 qualified property is placed in service. If the credit provided for  
16 in subsection A or B of this section is calculated on the basis of  
17 the cost of the qualified property, the credit shall be allowed in  
18 each of the four (4) subsequent years. If the qualified property on  
19 which a credit has previously been allowed is acquired from a  
20 related party, the date such property is placed in service by the  
21 transferor shall be considered to be the date such property is  
22 placed in service by the transferee, for purposes of determining the  
23 aggregate number of years for which credit may be allowed.

24

1 F. The credit provided for in subsection A or B of this  
2 section, if based upon an increase in the number of full-time-  
3 equivalent employees, shall be allowed in each of the four (4)  
4 subsequent years only if the level of new employees is maintained in  
5 the subsequent year. In calculating the credit by the number of new  
6 employees, only those employees whose paid wages or salary were at  
7 least Seven Thousand Dollars (\$7,000.00) during each year the credit  
8 is claimed shall be included in the calculation. Provided, that the  
9 first year a credit is claimed for a new employee, such employee may  
10 be included in the calculation notwithstanding paid wages of less  
11 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in  
12 the last three quarters of the tax year, has wages or salary which  
13 will result in annual paid wages in excess of Seven Thousand Dollars  
14 (\$7,000.00) and the taxpayer submits an affidavit stating that the  
15 employee's position will be retained in the following tax year and  
16 will result in the payment of wages in excess of Seven Thousand  
17 Dollars (\$7,000.00). The number of new employees shall be  
18 determined by comparing the monthly average number of full-time  
19 employees subject to Oklahoma income tax withholding for the final  
20 quarter of the taxable year with the corresponding period of the  
21 prior taxable year, as substantiated by such reports as may be  
22 required by the Tax Commission.

23 G. The credit allowed by subsection A of this section shall be  
24 the greater amount of either:

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

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

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

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

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

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

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

21       1. To each of the four (4) years following the year of  
22 qualification;

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

1       3. If a C corporation that otherwise qualified for the credits  
2 under subsection A of this section subsequently changes its  
3 operating status to that of a pass-through entity which is being  
4 treated as the same entity for federal tax purposes, the credits  
5 will continue to be available as if the pass-through entity had  
6 originally qualified for the credits subject to the limitations of  
7 this section.

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

12       J. 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~~ 2014,  
15 for which the credit would otherwise be allowable ~~until the~~  
16 ~~provisions of this subsection shall cease to be operative on July 1,~~  
17 ~~2012. Beginning July 1, 2012, the credit authorized by this section~~  
18 ~~may be claimed for any event, transaction, investment, expenditure~~  
19 ~~or other act occurring on or after July 1, 2010, according to the~~  
20 ~~provisions of this section; provided, credits accrued during the~~  
21 ~~period from July 1, 2010, through June 30, 2012, shall be limited to~~  
22 ~~a period of two (2) taxable years. The credit shall be limited in~~  
23 ~~each taxable year to fifty percent (50%) of the total amount of the~~  
24 ~~accrued credit. Any tax credits which accrue during the period of~~

1 ~~July 1, 2010, through June 30, 2012, may not be claimed for any~~  
2 ~~period prior to the taxable year beginning January 1, 2012. No~~  
3 ~~credits which accrue during the period of July 1, 2010, through June~~  
4 ~~30, 2012, may be used to file an amended tax return for any taxable~~  
5 ~~year prior to the taxable year beginning January 1, 2012. The~~  
6 ~~credit authorized by this section shall not be utilized for any~~  
7 ~~period after June 30, 2014, unless the Legislature passes a measure,~~  
8 ~~enacted into law in the manner prescribed by the Oklahoma~~  
9 ~~Constitution, to reauthorize the ability to claim the credit for any~~  
10 ~~event, transaction, investment or expenditure occurring on or after~~  
11 ~~July 1, 2014.~~

12 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.6, is  
13 amended to read as follows:

14 Section 2357.6 A. Any person or corporation may contribute  
15 monies to the Energy Conservation Assistance Fund. Except as  
16 otherwise provided in subsection B of this section, such  
17 contributions shall be entitled to an income tax credit against the  
18 state personal or corporate income tax liability of fifty percent  
19 (50%) of the amount contributed to the fund for the taxable year in  
20 which it was made.

21 B. No credit otherwise authorized by the provisions of this  
22 section may be claimed for any event, transaction, investment,  
23 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
24 for which the credit would otherwise be allowable. ~~The provisions~~



1 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
2 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
3 ~~claimed for any event, transaction, investment, expenditure or other~~  
4 ~~act occurring on or after July 1, 2012, according to the provisions~~  
5 ~~of this section. The credit authorized by this section shall not be~~  
6 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
7 ~~passes a measure, enacted into law in the manner prescribed by the~~  
8 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
9 ~~credit for any event, transaction, investment or expenditure~~  
10 ~~occurring on or after July 1, 2014.~~

11 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.11, is  
12 amended to read as follows:

13 Section 2357.11 A. For purposes of this section, the term  
14 "person" means any legal business entity including limited and  
15 general partnerships, corporations, sole proprietorships, and  
16 limited liability companies, but does not include individuals.

17 B. 1. Except as provided in subsection M of this section, for  
18 tax years beginning on or after January 1, 1993, and ending on or  
19 before December 31, 2014, there shall be allowed a credit against  
20 the tax imposed by Section 1803 or Section 2355 of this title or  
21 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every  
22 person in this state furnishing water, heat, light or power to the  
23 state or its citizens, or for every person in this state burning  
24

1 coal to generate heat, light or power for use in manufacturing  
2 operations located in this state.

3 2. For tax years beginning on or after January 1, 1993, and  
4 ending on or before December 31, 2005, and for the period of January  
5 1, 2006, through June 30, 2006, the credit shall be in the amount of  
6 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal  
7 purchased by such person.

8 3. For the period of July 1, 2006 through December 31, 2006,  
9 and for tax years beginning on or after January 1, 2007, and ending  
10 on or before December 31, 2014, the credit shall be in the amount of  
11 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of  
12 Oklahoma-mined coal purchased by such person.

13 4. In addition to the credit allowed pursuant to the provisions  
14 of paragraph 3 of this subsection, for the period of July 1, 2006,  
15 through December 31, 2006, and except as provided in subsection M of  
16 this section, for tax years beginning on or after January 1, 2007,  
17 and ending on or before December 31, 2014, there shall be allowed a  
18 credit in the amount of Two Dollars and fifteen cents (\$2.15) per  
19 ton for each ton of Oklahoma-mined coal purchased by such person.  
20 The credit allowed pursuant to the provisions of this paragraph may  
21 not be claimed or transferred prior to January 1, 2008.

22 C. For tax years beginning on or after January 1, 1995, and  
23 ending on or before December 31, 2005, and for the period beginning  
24 January 1, 2006, through June 30, 2006, there shall be allowed, in

1 addition to the credits allowed pursuant to subsection B of this  
2 section, a credit against the tax imposed by Section 1803 or Section  
3 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma  
4 Statutes for every person in this state which:

5 1. Furnishes water, heat, light or power to the state or its  
6 citizens, or burns coal to generate heat, light or power for use in  
7 manufacturing operations located in this state; and

8 2. Purchases at least seven hundred fifty thousand (750,000)  
9 tons of Oklahoma-mined coal in the tax year.

10 The additional credit allowed pursuant to this subsection shall  
11 be in the amount of Three Dollars (\$3.00) per ton for each ton of  
12 Oklahoma-mined coal purchased by such person.

13 D. Except as otherwise provided in subsection E of this section  
14 and in subsection M of this section, for tax years beginning on or  
15 after January 1, 2001, there shall be allowed a credit against the  
16 tax imposed by Section 1803 or Section 2355 of this title or Section  
17 624 or 628 of Title 36 of the Oklahoma Statutes for every person in  
18 this state primarily engaged in mining, producing or extracting  
19 coal, and holding a valid permit issued by the Oklahoma Department  
20 of Mines. For tax years beginning on or after January 1, 2001, and  
21 ending on or before December 31, 2005, and for the period beginning  
22 January 1, 2006, through June 30, 2006, the credit shall be in the  
23 amount of ninety-five cents (\$0.95) per ton and for the period of  
24 July 1, 2006, through December 31, 2006, and for tax years beginning

1 on or after January 1, 2007, the credit shall be in the amount of  
2 Five Dollars (\$5.00) for each ton of coal mined, produced or  
3 extracted in on, under or through a permit in this state by such  
4 person.

5 E. In addition to the credit allowed pursuant to the provisions  
6 of subsection D of this section and except as otherwise provided in  
7 subsection F of this section, for tax years beginning on or after  
8 January 1, 2001, and ending on or before December 31, 2005, and for  
9 the period of January 1, 2006, through June 30, 2006, there shall be  
10 allowed a credit against the tax imposed by Section 1803 or Section  
11 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma  
12 Statutes for every person in this state primarily engaged in mining,  
13 producing or extracting coal, and holding a valid permit issued by  
14 the Oklahoma Department of Mines in the amount of ninety-five cents  
15 (\$.95) per ton for each ton of coal mined, produced or extracted  
16 from thin seams in this state by such person; provided, the credit  
17 shall not apply to such coal sold to any consumer who purchases at  
18 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined  
19 coal per year.

20 F. In addition to the credit allowed pursuant to the provisions  
21 of subsection D of this section and except as otherwise provided in  
22 subsection G of this section, for tax years beginning on or after  
23 January 1, 2005, and ending on or before December 31, 2005, and for  
24 the period of January 1, 2006, through June 30, 2006, there shall be

1 allowed a credit against the tax imposed by Section 1803 or Section  
2 2355 of this title or that portion of the tax imposed by Section 624  
3 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid  
4 to and placed into the General Revenue Fund, in the amount of  
5 ninety-five cents (\$0.95) per ton for each ton of coal mined,  
6 produced or extracted from thin seams in this state by such person  
7 on or after July 1, 2005.

8 G. The credits provided in subsections D and E of this section  
9 shall not be allowed for coal mined, produced or extracted in any  
10 month in which the average price of coal is Sixty-eight Dollars  
11 (\$68.00) or more per ton, excluding freight charges, as determined  
12 by the Tax Commission.

13 H. The additional credits allowed pursuant to subsections B, C,  
14 D and E of this section but not used shall be freely transferable  
15 after January 1, 2002, by written agreement to subsequent  
16 transferees at any time during the five (5) years following the year  
17 of qualification; provided, the additional credits allowed pursuant  
18 to the provisions of paragraph 4 of subsection B of this section but  
19 not used shall be freely transferable after January 1, 2008, by  
20 written agreement to subsequent transferees at any time during the  
21 five (5) years following the year of qualification. An eligible  
22 transferee shall be any taxpayer subject to the tax imposed by  
23 Section 1803 or Section 2355 of this title or Section 624 or 628 of  
24 Title 36 of the Oklahoma Statutes. The person originally allowed

1 the credit and the subsequent transferee shall jointly file a copy  
2 of the written credit transfer agreement with the Tax Commission  
3 within thirty (30) days of the transfer. The written agreement  
4 shall contain the name, address and taxpayer identification number  
5 of the parties to the transfer, the amount of credit being  
6 transferred, the year the credit was originally allowed to the  
7 transferring person and the tax year or years for which the credit  
8 may be claimed. The Tax Commission may promulgate rules to permit  
9 verification of the validity and timeliness of a tax credit claimed  
10 upon a tax return pursuant to this subsection but shall not  
11 promulgate any rules which unduly restrict or hinder the transfers  
12 of such tax credit.

13 I. The additional credit allowed pursuant to subsection F of  
14 this section but not used shall be freely transferable on or after  
15 July 1, 2006, by written agreement to subsequent transferees at any  
16 time during the five (5) years following the year of qualification.  
17 An eligible transferee shall be any taxpayer subject to the tax  
18 imposed by Section 1803 or Section 2355 of this title or Section 624  
19 or 628 of Title 36 of the Oklahoma Statutes. The person originally  
20 allowed the credit and the subsequent transferee shall jointly file  
21 a copy of the written credit transfer agreement with the Tax  
22 Commission within thirty (30) days of the transfer. The written  
23 agreement shall contain the name, address and taxpayer  
24 identification number of the parties to the transfer, the amount of

1 credit being transferred, the year the credit was originally allowed  
2 to the transferring person and the tax year or years for which the  
3 credit may be claimed. The Tax Commission may promulgate rules to  
4 permit verification of the validity and timeliness of a tax credit  
5 claimed upon a tax return pursuant to this subsection but shall not  
6 promulgate any rules which unduly restrict or hinder the transfers  
7 of such tax credit.

8 J. Any person receiving tax credits pursuant to the provisions  
9 of this section shall apply the credits against taxes payable or  
10 shall transfer the credits as provided in this section. Credits  
11 shall not be used to lower the price of any Oklahoma-mined coal sold  
12 that is produced by a subsidiary of the person receiving a tax  
13 credit under this section to other buyers of the Oklahoma-mined  
14 coal.

15 K. The credits allowed by subsections B, C, D, E and F of this  
16 section, upon election of the taxpayer, shall be treated and may be  
17 claimed as a payment of tax, a prepayment of tax or a payment of  
18 estimated tax for purposes of Section 1803 or 2355 of this title or  
19 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

20 L. Any credits allowed pursuant to the provisions of  
21 subsections B, C, D, E and F of this section but not used in any tax  
22 year may be carried over in order to each of the five (5) years  
23 following the year of qualification.

24

1 M. 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~~ 2014,  
4 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
9 ~~of this section.~~ The credit authorized by this section shall not be  
10 utilized for any period after June 30, 2014, unless the Legislature  
11 passes a measure, enacted into law in the manner prescribed by the  
12 Oklahoma Constitution, to reauthorize the ability to claim the  
13 credit for any event, transaction, investment or expenditure  
14 occurring on or after July 1, 2014.

15 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.22, is  
16 amended to read as follows:

17 Section 2357.22 A. For tax years beginning before January 1,  
18 2015, there shall be allowed a one-time credit against the income  
19 tax imposed by Section 2355 of this title

20 1. For investments in qualified clean-burning motor vehicle  
21 fuel property placed in service after December 31, 1990; and

22 2. For investments in qualified electric motor vehicle property  
23 placed in service after December 31, 1995, and before July 1, 2010.

24



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

3 1. Equipment installed to modify a motor vehicle which is  
4 propelled by gasoline or diesel fuel so that the vehicle may be  
5 propelled by a hydrogen fuel cell, compressed natural gas, liquefied  
6 natural gas or liquefied petroleum gas; provided, equipment  
7 installed on a vehicle propelled by a hydrogen fuel cell shall only  
8 be eligible for tax year 2010. The equipment covered by this  
9 paragraph must be new and must not have been previously used to  
10 modify or retrofit any vehicle propelled by gasoline or diesel fuel;

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

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

22 a. directly related to the delivery of compressed natural  
23 gas, liquefied natural gas or liquefied petroleum gas,  
24 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, "qualified electric motor vehicle  
2 property" means a motor vehicle originally equipped to be propelled  
3 only by electricity; provided, if a motor vehicle is also equipped  
4 with an internal combustion engine, then such vehicle shall be  
5 considered "qualified electric motor vehicle property" only to the  
6 extent of the portion of the basis of such motor vehicle which is  
7 attributable to the propulsion of the vehicle by electricity. The  
8 term "qualified electric motor vehicle property" shall not apply to  
9 vehicles known as "golf carts", "go-carts" and other motor vehicles  
10 which are manufactured principally for use off the streets and  
11 highways.

12 D. As used in this section, "motor vehicle" means a motor  
13 vehicle originally designed by the manufacturer to operate lawfully  
14 and principally on streets and highways.

15 E. The credit provided for in subsection A of this section  
16 shall be as follows:

17 1. For the qualified clean-burning motor vehicle fuel property  
18 defined in paragraph 1 or 2 of subsection B of this section and for  
19 the qualified electric motor vehicle property, fifty percent (50%)  
20 of the cost of the qualified clean-burning motor vehicle fuel  
21 property or qualified electric motor vehicle property;

22 2. For qualified clean-burning motor vehicle fuel property  
23 defined in paragraph 3 of subsection B of this section, a per-

24

1 location credit of seventy-five percent (75%) of the cost of the  
2 qualified clean-burning motor vehicle fuel property; and

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

8 F. In cases where no credit has been claimed pursuant to  
9 paragraph 1 of subsection E of this section by any prior owner and  
10 in which a motor vehicle is purchased by a taxpayer with qualified  
11 clean-burning motor vehicle fuel property or qualified electric  
12 motor vehicle property installed by the manufacturer of such motor  
13 vehicle and the taxpayer is unable or elects not to determine the  
14 exact basis which is attributable to such property, the taxpayer may  
15 claim a credit in an amount not exceeding the lesser of ten percent  
16 (10%) of the cost of the motor vehicle or One Thousand Five Hundred  
17 Dollars (\$1,500.00).

18 G. If the tax credit allowed pursuant to subsection A of this  
19 section exceeds the amount of income taxes due or if there are no  
20 state income taxes due on the income of the taxpayer, the amount of  
21 the credit not used as an offset against the income taxes of a  
22 taxable year may be carried forward as a credit against subsequent  
23 income tax liability for a period not to exceed five (5) years.

24

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

5 I. The Oklahoma Tax Commission is herein empowered to  
6 promulgate rules by which the purpose of this section shall be  
7 administered, including the power to establish and enforce penalties  
8 for violations thereof.

9 J. No credit otherwise authorized by the provisions of this  
10 section may be claimed for any event, transaction, investment,  
11 expenditure or other act occurring on or after July 1, 2014, for  
12 which the credit would otherwise be allowable. The credit  
13 authorized by this section shall not be utilized for any period  
14 after June 30, 2014, unless the Legislature passes a measure,  
15 enacted into law in the manner prescribed by the Oklahoma  
16 Constitution, to reauthorize the ability to claim the credit for any  
17 event, transaction, investment or expenditure occurring on or after  
18 July 1, 2014.

19 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.25, is  
20 amended to read as follows:

21 Section 2357.25 A. Except as provided in subsection K of this  
22 section, there shall be allowed a credit against the tax imposed by  
23 Section 2355 of this title for direct investments by Oklahoma  
24 agricultural producers in Oklahoma producer-owned agricultural

1 processing cooperatives, Oklahoma producer-owned agricultural  
2 processing ventures, or Oklahoma producer-owned agricultural  
3 processing marketing associations or Oklahoma-owned and -based  
4 corporations or partnerships created and designed to develop and  
5 advance the production, processing, handling and marketing of  
6 agricultural commodities grown, made or manufactured in Oklahoma.  
7 For calendar years 1997 and 1998, the amount of the credit shall be  
8 thirty percent (30%) of the amount of the investment by the Oklahoma  
9 agricultural producer in Oklahoma producer-owned agricultural  
10 processing cooperatives, ventures, or marketing associations.

11 B. For calendar year 2006, and all subsequent years, the credit  
12 percentage, not to exceed thirty percent (30%), shall be adjusted  
13 annually so that the total estimate of credits does not exceed Two  
14 Million Dollars (\$2,000,000.00) annually. The formula to be used  
15 for the percentage adjustment shall be thirty percent (30%) times  
16 Two Million Dollars (\$2,000,000.00) divided by the credits claimed  
17 in the preceding year. In no event shall the credit be claimed more  
18 than once by a taxpayer each taxable year.

19 C. In the event the total tax credits authorized by this  
20 section exceed Two Million Dollars (\$2,000,000.00) in any calendar  
21 year, the Oklahoma Tax Commission shall permit any excess over Two  
22 Million Dollars (\$2,000,000.00) but shall factor such excess into  
23 the percentage adjustment formula for subsequent years.

24

1 D. The credits authorized by this act may only be claimed for  
2 taxable years beginning after December 31, 2006, and ending before  
3 January 1, 2010. The provisions of this subsection shall not be  
4 applicable to any credits earned, but not utilized, prior to the  
5 effective date of this act.

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

13 F. The Oklahoma Tax Commission shall have the authority to  
14 prescribe forms for purposes of claiming the credit authorized by  
15 this section. The Oklahoma Tax Commission shall be authorized to  
16 conduct an investigation of the relevant facts as may be required in  
17 order to verify the eligibility of a claimant to receive a credit  
18 for any applicable income tax year.

19 G. 1. For any taxable year during which a taxpayer sells or  
20 otherwise disposes of the ownership interest for which a tax credit  
21 has previously been allowed to the taxpayer or for which a tax  
22 credit will be allowed to the taxpayer for the year in which the  
23 sale or other disposition of the ownership interest is made, the  
24 taxpayer shall be required to reduce the cost of the ownership

1 interest in the Oklahoma producer-owned agricultural processing  
2 cooperative, venture, or marketing association, as reported upon the  
3 applicable income tax return, by the amount of the tax credit which  
4 has previously been granted or for which the taxpayer is claiming  
5 credit if the credit is allowable for the year during which the sale  
6 or other disposition is made.

7 2. If a taxpayer sells or otherwise disposes of an ownership  
8 interest in the Oklahoma producer-owned agricultural processing  
9 cooperative, venture, or marketing association for which the tax  
10 credit authorized by this section may be taken in a taxable year  
11 following the year in which the ownership interest in the Oklahoma  
12 producer-owned agricultural processing cooperative, venture, or  
13 marketing association is sold or otherwise disposed of, the credit  
14 authorized by this section shall be reduced to account for the prior  
15 sale or other disposition.

16 H. The tax credit authorized by this section shall not be  
17 available or taken for any calendar year during which the claimant  
18 of the credit received any incentive payments pursuant to the  
19 Oklahoma Quality Jobs Program Act or the Saving Quality Jobs Act.

20 I. As used in this section:

21 1. "Direct investment" means the payment of money in an  
22 Oklahoma producer-owned agricultural processing cooperative,  
23 venture, or marketing association or the transfer of any form of  
24 economic value, whether tangible or intangible, other than money;



1           2. "Oklahoma producer-owned agricultural processing  
2 cooperative" means a legal entity in the nature of a partnership or  
3 business undertaking agricultural transactions or agricultural  
4 commercial enterprises for mutual profit which are owned and  
5 controlled by Oklahoma agricultural producers. An Oklahoma  
6 producer-owned agricultural processing cooperative requires a  
7 community of interest in the performance of the undertaking,  
8 transaction or enterprise, a right to direct and govern the policy  
9 in connection therewith and the duty, which may be altered by  
10 agreement, to share both in profit and losses. The term does not  
11 include a cooperative that provides only, and nothing more than,  
12 storage, cleaning, or transportation of agricultural commodities;

13           3. "Oklahoma producer-owned agricultural processing venture"  
14 means a legal entity in the nature of a corporation or company  
15 organized to invest in or operate an agricultural commodity  
16 processing facility operated primarily for the processing or  
17 production of marketable products from agricultural commodities.  
18 The term shall include a dairy operation that requires a depreciable  
19 investment of at least Two Hundred Fifty Thousand Dollars  
20 (\$250,000.00) and which produces milk from dairy cows. The term  
21 does not include a venture that provides only, and nothing more  
22 than, storage, cleaning, or transportation of agricultural  
23 commodities;

24

1 4. "Oklahoma producer-owned agricultural processing marketing  
2 association" means:

3 a. a legal entity owned by Oklahoma producers of  
4 agricultural commodities and organized to jointly  
5 market agricultural commodities and/or natural-  
6 resource-based recreational activities, facilitate the  
7 marketing process and to promote and stimulate the  
8 processing, sales, and marketing of agricultural  
9 commodities, or

10 b. a legal entity owned by Oklahoma producers of  
11 agricultural commodities and organized for collective  
12 marketing and improvement of land for natural-  
13 resource-based recreational activity;

14 The term does not include a marketing association that provides  
15 only, and nothing more than, storage, cleaning, or transportation of  
16 agricultural commodities;

17 5. "Oklahoma agricultural producer" means any person who  
18 produces agricultural commodities in this state;

19 6. "Oklahoma-based corporation or partnership" means an entity  
20 created pursuant to the Oklahoma General Corporation Act or other  
21 laws of the state authorizing either a corporate entity or an entity  
22 with limited liability or any form of partnership, whether general,  
23 limited or other authorized partnership form having either its  
24 principal place of business within the state or substantial assets

1 located within the state. For the purpose of this section, the  
2 definition contained in this paragraph shall not include an  
3 Oklahoma-based corporation or partnership that engages only in and  
4 nothing more than the storage, cleaning, and transportation or  
5 production of its commodity;

6 7. "Agricultural commodities" means a farm or ranch product,  
7 including but not limited to, wheat, corn, soybeans, cotton, timber,  
8 cattle, hogs, sheep, horses, poultry, animals of the families  
9 bovidae, cervidae and antilocapridae or birds of the ratite group  
10 produced in farming or ranching operations or a product of such crop  
11 or livestock in its unmanufactured state such as ginned cotton,  
12 wool-dip, maple syrup, milk and eggs, or any other commodity listed  
13 under any Industry Group Number under Major Group 20 of Division D  
14 of the Standard Industrial Classification (SIC) Manual; and

15 8. "Dairy operation" means and includes equipment and  
16 facilities to store and prepare feed, dairy cows, milking parlors,  
17 bulk cooling tanks, buildings, and all such depreciable investment  
18 commonly utilized in the dairy industry.

19 J. For purposes of this section, an agricultural commodity  
20 shall be deemed to be produced within this state if it is  
21 substantially produced, by any person, partnership, company,  
22 association or corporation:

23 1. Authorized to do and doing business under the laws of this  
24 state;

1       2. Paying all taxes duly assessed; and

2       3. Domiciled within this state by having a location of  
3 production within this state.

4       K. 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~~ 2014,  
7 for which the credit would otherwise be allowable. ~~The provisions~~  
8 ~~of this subsection shall cease to be operative on July 1, 2012.~~

9 ~~Beginning July 1, 2012, 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, 2012, according to the provisions~~  
12 ~~of this section. The credit authorized by this section shall not be~~  
13 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
14 ~~passes a measure, enacted into law in the manner prescribed by the~~  
15 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
16 ~~credit for any event, transaction, investment or expenditure~~  
17 ~~occurring on or after July 1, 2014.~~

18       SECTION 9.       AMENDATORY       68 O.S. 2011, Section 2357.26, is  
19 amended to read as follows:

20       Section 2357.26 A. Except as otherwise provided by subsection  
21 G of this section, for tax years beginning after December 31, 2001,  
22 there shall be allowed a credit against the tax imposed by Section  
23 2355 of this title for employers incurring eligible expenses in  
24 connection with the provision of child care services.

1 B. As used in this section:

2 1. "Eligible expenses" means amounts paid for:

3 a. the purchase of qualifying child care services that  
4 are actually provided to children of employees, at a  
5 program licensed by the Department of Human Services  
6 with a rating of two stars or higher pursuant to rules  
7 promulgated by the Department, at a:

8 (1) child care center, or

9 (2) family child care home,

10 b. planning, preparing a site and constructing a child  
11 care center,

12 c. renovating or remodeling a structure to be used for a  
13 child care center,

14 d. purchasing equipment necessary for use by a child care  
15 center,

16 e. expanding a child care center,

17 f. maintaining and operating a child care center,  
18 including paying direct administrative and staff  
19 costs,

20 g. purchasing child care slots actually provided or  
21 reserved for children of employees, or

22 h. fees and grants provided to child care resource and  
23 referral organizations doing business within this  
24 state; and

1           2. "Employer" means a taxpayer who employs one or more full-  
2 time-equivalent employees and whose primary source of income is from  
3 a business other than the business of providing child care services.

4           C. In lieu of a deduction from taxable income, the credit  
5 allowed by subsection A of this section shall be twenty percent  
6 (20%) of the amount of eligible expenses.

7           D. The amount of eligible expenses upon which the credit will  
8 be based in any taxable year shall be limited to:

9           1. Three Thousand One Hundred Dollars (\$3,100.00) for expenses  
10 described in subparagraph a of paragraph 1 of subsection B of this  
11 section for each child of an employee receiving qualifying child  
12 care services;

13           2. Fifty Thousand Dollars (\$50,000.00) for expenses described  
14 in subparagraphs b through g of paragraph 1 of subsection B of this  
15 section; and

16           3. Five Thousand Dollars (\$5,000.00) for expenses described in  
17 subparagraph h of paragraph 1 of subsection B of this section.

18           E. Any credits allowed but not used in any tax year may be  
19 carried over in order to each of the four (4) tax years following  
20 the year of qualification.

21           F. The Oklahoma Tax Commission, on or before January 31 of each  
22 year, shall submit a report regarding the credit authorized by this  
23 section to both houses of the Oklahoma Legislature. Such report  
24

1 shall summarize the total amount of credits claimed and likely to be  
2 claimed and allowed under this section.

3 G. 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~~ 2014,  
6 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
11 ~~of this section.~~ The credit authorized by this section shall not be  
12 utilized for any period after June 30, 2014, unless the Legislature  
13 passes a measure, enacted into law in the manner prescribed by the  
14 Oklahoma Constitution, to reauthorize the ability to claim the  
15 credit for any event, transaction, investment or expenditure  
16 occurring on or after July 1, 2014.

17 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.27, is  
18 amended to read as follows:

19 Section 2357.27 A. Except as otherwise provided by subsection  
20 E of this section, for tax years beginning after December 31, 1998  
21 there shall be allowed a credit against the tax imposed by Section  
22 2355 of this title for eligible expenses incurred by entities  
23 primarily engaged in the business of providing child care services.  
24

1 B. As used in this section, "eligible expenses" means amounts  
2 paid by an entity primarily engaged in the business of providing  
3 child care services for expenses incurred by the entity to comply  
4 with the standards promulgated by a national accrediting association  
5 recognized by the Department of Human Services and which would not  
6 have been incurred by the entity to comply with the Oklahoma Child  
7 Care Facilities Licensing Act.

8 C. The credit allowed by subsection A of this section shall be  
9 twenty percent (20%) of the amount of eligible expenses. Such  
10 credit shall not be allowed for any amounts for which the entity  
11 claims or receives an income tax credit, exemption or deduction.

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

15 E. No credit otherwise authorized by the provisions of this  
16 section may be claimed for any event, transaction, investment,  
17 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
18 for which the credit would otherwise be allowable. ~~The provisions~~  
19 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
20 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
21 ~~claimed for any event, transaction, investment, expenditure or other~~  
22 ~~act occurring on or after July 1, 2012, according to the provisions~~  
23 ~~of this section.~~ The credit authorized by this section shall not be  
24 utilized for any period after June 30, 2014, unless the Legislature



1 passes a measure, enacted into law in the manner prescribed by the  
2 Oklahoma Constitution, to reauthorize the ability to claim the  
3 credit for any event, transaction, investment or expenditure  
4 occurring on or after July 1, 2014.

5 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.30, is  
6 amended to read as follows:

7 Section 2357.30 A. As used in this section, "small business"  
8 means any corporation, partnership, sole proprietorship or other  
9 business entity qualifying as "small" under the standards contained  
10 in Section 121 of Title 13 of the Code of Federal Regulations (13  
11 C.F.R., Section 121).

12 B. Except as otherwise provided in subsection E of this  
13 section, for taxable years beginning after December 31, 1998, every  
14 small business operating within this state shall be entitled to  
15 claim as a credit against the tax imposed by Section 2355 of Title  
16 68 of the Oklahoma Statutes, subject to the limitations provided by  
17 subsection C of this section, any amount paid to the U.S. Small  
18 Business Administration as a guaranty fee pursuant to the obtaining  
19 of financing guaranteed by the Small Business Administration.

20 C. The credit authorized by this section shall only be claimed  
21 against the tax liability resulting from income generated by the  
22 small business. If an income tax return upon which this credit is  
23 claimed includes taxable income from sources other than the small  
24 business, the credit shall only be allowed to be claimed upon a

1 percentage of the income tax liability which does not exceed the  
2 percentage of income generated by the small business as compared to  
3 the total Oklahoma adjusted gross income shown on the return. The  
4 Oklahoma Tax Commission shall promulgate rules and prescribe forms  
5 to implement the provisions of this section.

6 D. If the credit authorized by this section exceeds the amount  
7 of income taxes due or if there are no state income taxes due on the  
8 income of the taxpayer as computed pursuant to the provisions of  
9 subsection C of this section, the amount of the credit not used may  
10 be carried forward as a credit against subsequent income tax  
11 liability for a period not to exceed five (5) years. The credit  
12 shall be claimable only by the small business which is the primary  
13 obligor in the financing transaction and which actually paid the  
14 guaranty fee.

15 E. No credit otherwise authorized by the provisions of this  
16 section may be claimed for any event, transaction, investment,  
17 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
18 for which the credit would otherwise be allowable. ~~The provisions~~  
19 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
20 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
21 ~~claimed for any event, transaction, investment, expenditure or other~~  
22 ~~act occurring on or after July 1, 2012, according to the provisions~~  
23 ~~of this section.~~ The credit authorized by this section shall not be  
24 utilized for any period after June 30, 2014, unless the Legislature

1 passes a measure, enacted into law in the manner prescribed by the  
2 Oklahoma Constitution, to reauthorize the ability to claim the  
3 credit for any event, transaction, investment or expenditure  
4 occurring on or after July 1, 2014.

5 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.32A,  
6 is amended to read as follows:

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

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

23 2. "Eligible renewable resources" means resources derived from:  
24 a. wind,

- b. moving water,
- c. sun, or
- d. geothermal energy.

B. For facilities placed in operation on or after January 1, 2003, and before January 1, 2007, the electricity generated on or after January 1, 2003, but prior to January 1, 2004, the amount of the credit shall be seventy-five one hundredths of one cent (\$0.0075) for each kilowatt-hour of electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2004, but prior to January 1, 2007, the amount of the credit shall be fifty one hundredths of one cent (\$0.0050) per kilowatt-hour for electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2007, but prior to January 1, 2012, the amount of the credit shall be twenty-five one hundredths of one cent (\$0.0025) per kilowatt-hour of electricity generated by zero-emission facilities. For facilities placed in operation on or after January 1, 2007, and before January 1, 2016, for the electricity generated by these facilities the amount of the credit shall be fifty one hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities.

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

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

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. The amount of the credit allowed, but not used, shall be  
21 freely transferable at any time during the ten (10) years following  
22 the year of qualification. Any person to whom or to which a tax  
23 credit is transferred shall have only such rights to claim and use  
24 the credit under the terms that would have applied to the entity by

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

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

1 for purposes of Section 2355 of this title on or after July 1 of the  
2 following calendar year.

3 H. 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~~ 2014,  
6 for which the credit would otherwise be allowable ~~until the~~  
7 ~~provisions of this subsection shall cease to be operative on July 1,~~  
8 ~~2011. Beginning July 1, 2011, the credit authorized by this section~~  
9 ~~may be claimed for any event, transaction, investment, expenditure~~  
10 ~~or other act occurring on or after July 1, 2010, according to the~~  
11 ~~provisions of this section. Any tax credits which accrue during the~~  
12 ~~period of July 1, 2010, through June 30, 2011, may not be claimed~~  
13 ~~for any period prior to the taxable year beginning January 1, 2012.~~  
14 ~~No credits which accrue during the period of July 1, 2010, through~~  
15 ~~June 30, 2011, may be used to file an amended tax return for any~~  
16 ~~taxable year prior to the taxable year beginning January 1, 2012.~~  
17 The credit authorized by this section shall not be utilized for any  
18 period after June 30, 2014, unless the Legislature passes a measure,  
19 enacted into law in the manner prescribed by the Oklahoma  
20 Constitution, to reauthorize the ability to claim the credit for any  
21 event, transaction, investment or expenditure occurring on or after  
22 July 1, 2014.

23 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.32B,  
24 is amended to read as follows:

1 Section 2357.32B A. Except as otherwise provided by subsection  
2 G of this section, for tax years beginning on or after January 1,  
3 2003, and ending on or before December 31, 2012, there shall be  
4 allowed a credit against the tax imposed by Section 624 or 628 of  
5 Title 36 of the Oklahoma Statutes, and actually paid to and placed  
6 into the General Revenue Fund, or Section 2370 or 2355 of this title  
7 to Oklahoma manufacturers of advanced small wind turbines. As used  
8 in this section:

9 1. "Oklahoma manufacturers" means manufacturers who operate  
10 facilities located in this state which have the capability to  
11 manufacture small wind turbine products, including rotor blade and  
12 alternator fabrication; and

13 2. "Advanced small wind turbines" means upwind, furling wind  
14 turbines that meet the following requirements:

- 15 a. have a rated capacity of at least one kilowatt (1 kw)  
16 but not greater than fifty kilowatts (50 kw),
- 17 b. incorporate advanced technologies such as new  
18 airfoils, new generators, and new power electronics,  
19 variable speed,
- 20 c. at least one unit of each model has undergone testing  
21 at the US-DOE National Wind Technology Center, and
- 22 d. comply with appropriate interconnection safety  
23 standards of the Institute of Electrical and  
24



1           Electronics Engineers applicable to small wind  
2           turbines.

3           B. The amount of the credit shall be based on the square  
4 footage of rotor swept area of advanced small wind turbines  
5 manufactured in this state. The amount of the credit shall be  
6 Twenty-five Dollars (\$25.00) per square foot produced in calendar  
7 year 2003, Twelve Dollars and fifty cents (\$12.50) per square foot  
8 produced in calendar year 2004, and Twenty-five Dollars (\$25.00) per  
9 square foot produced in calendar years 2005 through 2012.

10          C. The companies claiming the credit allowed by this section  
11 shall agree in advance to allow their production and claims to be  
12 audited by the Oklahoma Tax Commission and they must be able to show  
13 that they have made economic development investments in this state  
14 over the period of time for which the credit was claimed that exceed  
15 the net proceeds from the amount of credit claimed.

16          D. If the amount of the credits allowed pursuant to this  
17 section exceeds the amount of income taxes due or if there are no  
18 state income taxes due on the income of the taxpayer, the amount of  
19 the credit allowed but not used in any taxable year may be carried  
20 forward as a credit against subsequent income tax liability for a  
21 period not exceeding ten (10) years.

22          E. The amount of the credit allowed but not used shall be  
23 freely transferable at any time during the ten (10) years following  
24 the year of qualification. Any person to whom or to which a tax

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

19 F. For advanced small wind turbines produced in a calendar  
20 year, the tax credit allowed by the provisions of this section, upon  
21 election of the taxpayer, shall be treated and may be claimed as a  
22 payment of tax, a prepayment of tax or a payment of estimated tax  
23 for purposes of Section 624 or 628 of Title 36 of the Oklahoma  
24 Statutes, and actually paid to and placed into the General Revenue

1 Fund, or Section 2370 or 2355 of this title on or after July 1 of  
2 the following calendar year.

3 G. 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~~ 2014,  
6 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
11 ~~of this section.~~ The credit authorized by this section shall not be  
12 utilized for any period after June 30, 2014, unless the Legislature  
13 passes a measure, enacted into law in the manner prescribed by the  
14 Oklahoma Constitution, to reauthorize the ability to claim the  
15 credit for any event, transaction, investment or expenditure  
16 occurring on or after July 1, 2014.

17 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.40, is  
18 amended to read as follows:

19 Section 2357.40 A. Upon receiving notification from the  
20 Director of the Oklahoma Tourism and Recreation Department that an  
21 approved company has entered into a tourism project agreement or a  
22 film, digital media and music production and development facility  
23 project agreement and is entitled to the inducements provided by the  
24 Oklahoma Tourism Development Act, the Oklahoma Tax Commission shall

1 provide the approved company with forms and instructions as  
2 necessary to claim those inducements.

3 B. An approved company whose agreement provides that it shall  
4 expend approved costs of more than One Hundred Thousand Dollars  
5 (\$100,000.00) for music production and postproduction facilities,  
6 Three Hundred Fifty Thousand Dollars (\$350,000.00) for film and  
7 digital media production and postproduction facilities, and more  
8 than Five Hundred Thousand Dollars (\$500,000.00) for a tourism  
9 attraction project but less than One Million Dollars (\$1,000,000.00)  
10 shall be entitled to an income tax credit or a sales tax credit if  
11 the company certifies to the Tax Commission that it has expended at  
12 least the minimum amount in approved costs, and the Director  
13 certifies that the approved company is in compliance with the  
14 Oklahoma Tourism Development Act. The Tax Commission shall then  
15 issue a tax credit memorandum to the approved company granting an  
16 income tax credit or sales tax credit in the amount of up to ten  
17 percent (10%) of the approved costs, but limited to the percent of  
18 the approved costs that will result in the project being revenue  
19 neutral to the State of Oklahoma as determined by the Oklahoma Tax  
20 Commission. Subsequent requests for credit for additional certified  
21 approved costs in excess of the minimum amount for each project as  
22 listed in this subsection but less than One Million Dollars  
23 (\$1,000,000.00) shall result in an income tax credit or sales tax  
24 credit in the amount of up to ten percent (10%) of the approved

1 costs, but limited to the percent of the approved costs that will  
2 result in the project being revenue neutral to the State of Oklahoma  
3 as determined by the Oklahoma Tax Commission. Income tax credits or  
4 sales tax credits allowed pursuant to the provisions of the Oklahoma  
5 Tourism Development Act shall not be transferable or assignable.

6 An approved company whose agreement provides that it shall  
7 expend approved costs in excess of One Million Dollars  
8 (\$1,000,000.00) shall be entitled to an income tax credit or sales  
9 tax credit if the company certifies to the Tax Commission that it  
10 has expended at least One Million Dollars (\$1,000,000.00) in  
11 approved costs and the Director certifies that the approved company  
12 is in compliance with the Oklahoma Tourism Development Act. The Tax  
13 Commission shall then issue a tax credit memorandum to the approved  
14 company granting an income tax credit or sales tax credit in the  
15 amount of up to twenty-five percent (25%) of the approved costs, but  
16 limited to the percent of the approved costs that will result in the  
17 project being revenue neutral to the State of Oklahoma as determined  
18 by the Oklahoma Tax Commission. The credit on all subsequent  
19 additional certified approved costs shall be in the amount of up to  
20 twenty-five percent (25%) of the costs, but limited to the percent  
21 of the approved costs that will result in the project being revenue  
22 neutral to the State of Oklahoma as determined by the Oklahoma Tax  
23 Commission.

24

1 The Tax Commission shall require proof of expenditures prior to  
2 issuing a tax credit memorandum to the approved company which may be  
3 satisfied by a report from an independent certified public  
4 accountant. Additional credit memoranda may be issued as the  
5 approved company certifies additional expenditures of approved  
6 costs.

7 No tax credit memorandum shall be issued for any approved costs  
8 expended after the expiration of two (2) years from the date the  
9 agreement was signed by the Director and the approved company.  
10 However, the Director, with the advice and consent of the Tax  
11 Commission, may authorize tax credits for approved costs expended up  
12 to four (4) years from the date the agreement was signed if the  
13 Director determines that the failure to complete the tourism  
14 attraction project within two (2) years resulted from:

15 1. Unanticipated and unavoidable delay in the construction of  
16 the tourism attraction or film, digital media and music production  
17 and development facility project;

18 2. An original completion date for the tourism attraction or  
19 film, digital media and music production and development facility  
20 project, as originally planned, which will be more than two (2)  
21 years from the date construction began; or

22 3. A change in business ownership or business structure  
23 resulting from a merger or acquisition.

24

1 C. 1. An income tax credit allowed pursuant to the provisions  
2 of this section shall be applied to the amount of income taxes due  
3 from the approved company. If the amount of an income tax credit  
4 allowed pursuant to the provisions of this section exceeds the  
5 amount of income taxes due for the year in which the credit is  
6 granted, the amount of the credit not used may be carried forward  
7 for a period not to exceed ten (10) years.

8 2. A sales tax credit allowed pursuant to the provisions of  
9 this section may be used to offset a portion of the reported state  
10 sales tax liability of the approved company for all sales tax  
11 reporting periods following the issuance of the credit memorandum  
12 subject to the following limitations:

- 13 a. only increased state sales tax liability may be offset  
14 by the issued credit,
- 15 b. an approved company whose agreement provides that it  
16 shall expend approved costs in excess of One Million  
17 Dollars (\$1,000,000.00) shall be entitled to use only  
18 ten percent (10%) of the amount of each issued credit  
19 to offset increased state sales tax liability during  
20 each calendar year, plus the amount of any unused  
21 credit carried forward from a prior calendar year, and  
22 an approved company whose agreement provides that it  
23 shall expend approved costs of more than the minimum  
24 amount for each project as listed in this subsection

1 but less than One Million Dollars (\$1,000,000.00)  
2 shall be entitled to use only twenty percent (20%) of  
3 the amount of each issued credit to offset increased  
4 state sales tax liability during each calendar year,  
5 plus the amount of any unused credit carried forward  
6 from a prior calendar year, and

7 c. all issued credit memoranda shall expire at the end of  
8 the month following the expiration of the agreement as  
9 provided in Section 2357.39 of this title.

10 The approved company shall have no obligation to refund or  
11 otherwise return any amount of this credit to the person from whom  
12 the sales tax was collected.

13 D. The Tax Commission shall promulgate rules as are necessary  
14 for the proper administration of the Oklahoma Tourism Development  
15 Act. The Tax Commission may also develop forms and instructions as  
16 necessary for an approved company to claim the income tax credit  
17 provided by the Oklahoma Tourism Development Act.

18 E. The Tax Commission shall have the authority to obtain any  
19 information necessary from the approved company and the Director to  
20 verify that approved companies have received the proper amounts of  
21 tax credits as authorized by the Oklahoma Tourism Development Act.  
22 The Oklahoma Tax Commission shall demand the repayment of any  
23 credits taken in excess of the credit allowed by the Oklahoma  
24 Tourism Development Act.



1 F. ~~No income or sales tax credit authorized by this section~~  
2 ~~shall be granted on or after January 1, 2016. No credit otherwise~~  
3 ~~authorized by the provisions of this section may be claimed for any~~  
4 ~~event, transaction, investment, expenditure or other act occurring~~  
5 ~~on or after July 1, 2014, for which the credit would otherwise be~~  
6 ~~allowable. The credit authorized by this section shall not be~~  
7 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
8 ~~passes a measure, enacted into law in the manner prescribed by the~~  
9 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
10 ~~credit for any event, transaction, investment or expenditure~~  
11 ~~occurring on or after July 1, 2014.~~

12 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.41, is  
13 amended to read as follows:

14 Section 2357.41 A. Except as otherwise provided by subsection  
15 I of this section, for tax years beginning after December 31, 2000,  
16 there shall be allowed a credit against the tax imposed by Sections  
17 2355 and 2370 of this title or that portion of the tax imposed by  
18 Section 624 or 628 of Title 36 of the Oklahoma Statutes that would  
19 otherwise have been apportioned to the General Revenue Fund for  
20 qualified rehabilitation expenditures incurred in connection with  
21 any certified historic hotel or historic newspaper plant building  
22 located in an increment or incentive district created pursuant to  
23 the Local Development Act or for qualified rehabilitation  
24

1 expenditures incurred after January 1, 2006, in connection with any  
2 certified historic structure.

3 B. The amount of the credit shall be one hundred percent (100%)  
4 of the federal rehabilitation credit provided for in Section 47 of  
5 Title 26 of the United States Code. The credit authorized by this  
6 section may be claimed at any time after the relevant local  
7 governmental body responsible for doing so issues a certificate of  
8 occupancy or other document that is a precondition for the  
9 applicable use of the building or structure that is the basis upon  
10 which the credit authorized by this section is claimed.

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

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

20 E. All rehabilitation work to which the credit may be applied  
21 shall be reviewed by the State Historic Preservation Office which  
22 will in turn forward the information to the National Park Service  
23 for certification in accordance with 36 C.F.R., Part 67. A  
24 certified historic structure may be rehabilitated for any lawful use

1 or uses, including without limitation mixed uses and still retain  
2 eligibility for the credit provided for in this section.

3 F. The amount of the credit allowed for any credit claimed for  
4 a certified historic hotel or historic newspaper plant building or  
5 any certified historic structure, but not used, shall be freely  
6 transferable, in whole or in part, to subsequent transferees at any  
7 time during the five (5) years following the year of qualification.  
8 Any person to whom or to which a tax credit is transferred shall  
9 have only such rights to claim and use the credit under the terms  
10 that would have applied to the entity by whom or by which the tax  
11 credit was transferred. The provisions of this subsection shall not  
12 limit the ability of a tax credit transferee to reduce the tax  
13 liability of the transferee regardless of the actual tax liability  
14 of the tax credit transferor for the relevant taxable period. The  
15 transferor of the credit and the transferee shall jointly file a  
16 copy of the written credit transfer agreement with the Oklahoma Tax  
17 Commission within thirty (30) days of the transfer. Such filing of  
18 the written credit transfer agreement with the Oklahoma Tax  
19 Commission shall perfect such transfer. The written agreement shall  
20 contain the name, address and taxpayer identification number of the  
21 parties to the transfer, the amount of credit being transferred, the  
22 year the credit was originally allowed to the transferor, the tax  
23 year or years for which the credit may be claimed, and a  
24 representation by the transferor that the transferor has neither

1 claimed for its own behalf nor conveyed such credits to any other  
2 transferee. The Tax Commission shall develop a standard form for  
3 use by subsequent transferees of the credit demonstrating  
4 eligibility for the transferee to reduce its applicable tax  
5 liabilities resulting from ownership of the credit. The Tax  
6 Commission shall develop a system to record and track the transfers  
7 of the credit and certify the ownership of the credit and may  
8 promulgate rules to permit verification of the validity and  
9 timeliness of a tax credit claimed upon a tax return pursuant to  
10 this subsection but shall not promulgate any rules which unduly  
11 restrict or hinder the transfers of such tax credit.

12 G. Notwithstanding any other provisions in this section, on or  
13 after January 1, 2009, if a credit allowed pursuant to this section  
14 which has been transferred is subsequently reduced as the result of  
15 an adjustment by the Internal Revenue Service, Tax Commission, or  
16 any other applicable government agency, only the transferor  
17 originally allowed the credit and not any subsequent transferee of  
18 the credit, shall be held liable to repay any amount of disallowed  
19 credit.

20 H. As used in this section:

21 1. "Certified historic hotel or historic newspaper plant  
22 building" means a hotel or newspaper plant building that is listed  
23 on the National Register of Historic Places within thirty (30)  
24 months of taking the credit pursuant to this section-;

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

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

19           I. 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~~ 2014,  
22 for which the credit would otherwise be allowable ~~until the~~  
23 ~~provisions of this subsection shall cease to be operative on July 1,~~  
24 ~~2012. Beginning July 1, 2012, the credit authorized by this section~~

1 ~~may be claimed for any event, transaction, investment, expenditure~~  
2 ~~or other act occurring on or after July 1, 2010, according to the~~  
3 ~~provisions of this section. Any tax credits which accrue during the~~  
4 ~~period of July 1, 2010, through June 30, 2012, may not be claimed~~  
5 ~~for any period prior to the taxable year beginning January 1, 2012.~~  
6 ~~No credits which accrue during the period of July 1, 2010, through~~  
7 ~~June 30, 2012, may be used to file an amended tax return for any~~  
8 ~~taxable year prior to the taxable year beginning January 1, 2012.~~  
9 The credit authorized by this section shall not be utilized for any  
10 period after June 30, 2014, unless the Legislature passes a measure,  
11 enacted into law in the manner prescribed by the Oklahoma  
12 Constitution, to reauthorize the ability to claim the credit for any  
13 event, transaction, investment or expenditure occurring on or after  
14 July 1, 2014.

15 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.45, is  
16 amended to read as follows:

17 Section 2357.45 A. 1. For tax years beginning after December  
18 31, 2004, there shall be allowed against the tax imposed by Section  
19 2355 of this title, a credit for any taxpayer who makes a donation  
20 to an independent biomedical research institute and for tax years  
21 beginning after December 31, 2010, a credit for any taxpayer who  
22 makes a donation to a cancer research institute.

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

- 1 a. for calendar year 2007 and all subsequent years, the  
2 credit percentage, not to exceed fifty percent (50%),  
3 shall be adjusted annually so that the total estimate  
4 of the credits does not exceed Two Million Dollars  
5 (\$2,000,000.00) annually. The formula to be used for  
6 the percentage adjusted shall be fifty percent (50%)  
7 times One Million Dollars (\$1,000,000.00) divided by  
8 the credits claimed in the preceding year for each  
9 donation to an independent biomedical research  
10 institute and fifty percent (50%) times One Million  
11 Dollars (\$1,000,000.00) divided by the credits claimed  
12 in the preceding year for each donation to a cancer  
13 research institute,
- 14 b. in no event shall a taxpayer claim more than one  
15 credit for a donation to any independent biomedical  
16 research institute and one credit for a donation to a  
17 cancer research institute in each taxable year nor  
18 shall the credit exceed One Thousand Dollars  
19 (\$1,000.00) for each taxpayer for each type of  
20 donation,
- 21 c. for tax year 2011, no more than Fifty Thousand Dollars  
22 (\$50,000.00) in total tax credits for donations to a  
23 cancer research institute shall be allowed,  
24

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

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

23 3. For purposes of this section, "independent biomedical  
24 research institute" means an organization which is exempt from



1 taxation pursuant to the provisions of Section 501(c)(3) of the  
2 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary  
3 focus is conducting peer-reviewed basic biomedical research. The  
4 organization shall:

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

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

24

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

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

7 B. In no event shall the amount of the credit exceed the amount  
8 of any tax liability of the taxpayer.

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

12 D. The Tax Commission shall have the authority to prescribe  
13 forms for purposes of claiming the credit authorized by this  
14 section.

15 E. No credit otherwise authorized by the provisions of this  
16 section may be claimed for any event, transaction, investment,  
17 expenditure or other act occurring on or after July 1, 2014, for  
18 which the credit would otherwise be allowable. The credit  
19 authorized by this section shall not be utilized for any period  
20 after June 30, 2014, unless the Legislature passes a measure,  
21 enacted into law in the manner prescribed by the Oklahoma  
22 Constitution, to reauthorize the ability to claim the credit for any  
23 event, transaction, investment or expenditure occurring on or after  
24 July 1, 2014.

1 SECTION 17. AMENDATORY 68 O.S. 2011, Section 2357.46, is  
2 amended to read as follows:

3 Section 2357.46 A. Except as otherwise provided by subsection  
4 G of this section, for tax years beginning after December 31, 2005,  
5 there shall be allowed a credit against the tax imposed by Section  
6 2355 of Title 68 of Oklahoma Statutes for eligible expenditures  
7 incurred by a contractor in the construction of energy efficient  
8 residential property of two thousand (2,000) square feet or less.  
9 The amount of the credit shall be based upon the following:

10 1. For any eligible energy efficient residential property  
11 constructed and certified as forty percent (40%) or more above the  
12 International Energy Conservation Code 2003 and any supplement in  
13 effect at the time of completion, the amount of the credit shall be  
14 equal to the eligible expenses, not to exceed Four Thousand Dollars  
15 (\$4,000.00) for the taxpayer who is the contractor; and

16 2. For any eligible energy efficient residential property  
17 constructed and certified as between twenty percent (20%) and  
18 thirty-nine percent (39%) above the International Energy  
19 Conservation Code 2003 and any supplement in effect at the time of  
20 completion, the credit shall be equal to the eligible expenditures,  
21 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who  
22 is the contractor.

23 B. As used in this section:

24 1. "Eligible expenditure" means any:

- a. energy efficient heating or cooling system,
- b. insulation material or system which is specifically and primarily designed to reduce the heat gain or loss of a residential property when installed in or on such property,
- c. exterior windows, including skylights,
- d. exterior doors, and
- e. any metal roof installed on a residential property, but only if such roof has appropriate pigmented coatings which are specifically and primarily designed to reduce the heat gain of such dwelling unit and which meet Energy Star program requirements;

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

3. "Eligible energy efficient residential property" means a newly constructed residential property or manufactured home property which is located in the State of Oklahoma and substantially complete after December 31, 2005, and which is two thousand (2,000) square feet or less:

- a. for the credit provided pursuant to paragraph 1 of subsection A of this section, which is certified by an accredited Residential Energy Services Network Provider using the Home Energy Rating System to have:

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

9 (2) heating and cooling equipment efficiencies which  
10 correspond to the minimum allowed under the  
11 regulations established by the Department of  
12 Energy pursuant to the National Appliance Energy  
13 Conservation Act of 1987 and in effect at the  
14 time of construction of the property, and

15 (3) building envelope component improvements which  
16 account for at least one-fifth of the reduced  
17 annual heating and cooling energy consumption  
18 levels,

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

23 (1) a level of annual heating and cooling energy  
24 consumption which is between twenty percent (20%)

1 and thirty-nine percent (39%) below the annual  
2 level of heating and cooling energy consumption  
3 of a comparable residential property constructed  
4 in accordance with the standards of Chapter 4 of  
5 the 2003 International Energy Conservation Code,  
6 as such code is in effect on the effective date  
7 of this act,

8 (2) heating and cooling equipment efficiencies which  
9 correspond to the minimum allowed under the  
10 regulations established by the Department of  
11 Energy pursuant to the National Appliance Energy  
12 Conservation Act of 1987 and in effect at the  
13 time of construction of the property, and

14 (3) building envelope component improvements which  
15 account for at least one-third of the reduced  
16 annual heating and cooling energy consumption  
17 levels.

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

22 D. If the credit allowed pursuant to this section exceeds the  
23 amount of income taxes due or if there are no state income taxes due  
24 on the income of the taxpayer, the amount of credit allowed but not

1 used in any taxable year may be carried forward as a credit against  
2 subsequent income tax liability for a period not exceeding four (4)  
3 years following the qualified expenditures.

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

7 F. The Oklahoma Tax Commission shall promulgate rules necessary  
8 to implement this act.

9 G. No credit otherwise authorized by the provisions of this  
10 section may be claimed for any event, transaction, investment,  
11 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
12 for which the credit would otherwise be allowable. ~~The provisions~~  
13 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
14 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
15 ~~claimed for any event, transaction, investment, expenditure or other~~  
16 ~~act occurring on or after July 1, 2012, according to the provisions~~  
17 ~~of this section. The credit authorized by this section shall not be~~  
18 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
19 ~~passes a measure, enacted into law in the manner prescribed by the~~  
20 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
21 ~~credit for any event, transaction, investment or expenditure~~  
22 ~~occurring on or after July 1, 2014.~~

23 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2357.47, is  
24 amended to read as follows:

1 Section 2357.47 A. 1. Except as otherwise provided in  
2 subsection D of this section, for tax years beginning after December  
3 31, 2005, there shall be allowed against the tax imposed by Section  
4 2355 of this title, a credit for eligible wages paid by an employer  
5 to an employee. The amount of the credit shall be ten percent (10%)  
6 of the amount of the gross wages paid to the employee for a period  
7 not to exceed ninety (90) days but in no event shall the credit  
8 exceed Five Thousand Dollars (\$5,000.00) for each employee of each  
9 taxpayer. In no event shall the total credit claimed exceed Twenty-  
10 five Thousand Dollars (\$25,000.00) in any one year for any taxpayer.

11 2. Except as otherwise provided by subsection D of this  
12 section, for tax years beginning after December 31, 2005, there  
13 shall be allowed against the tax imposed by Section 2355 of this  
14 title, a credit for eligible modification expenses of an employer.  
15 The amount of the credit shall be fifty percent (50%) of the amount  
16 of the funds expended for eligible modification expenses or new  
17 tools or equipment but in no event shall the credit exceed One  
18 Thousand Dollars (\$1,000.00) for eligible modification expenses  
19 incurred for any single employee. In no event shall the total  
20 credit claimed exceed Ten Thousand Dollars (\$10,000.00) in any year  
21 for any taxpayer.

22 3. As used in this section:  
23  
24



- 1 a. "employee", "employer", "maximum medical improvement",  
2 "treating physician", and "wages" shall be defined as  
3 in Section 3 of Title 85 of the Oklahoma Statutes,  
4 b. "eligible wages" means gross wages paid by an employer  
5 to an employee who is injured as a result of an injury  
6 which is compensable under the Workers' Compensation  
7 Act and which are paid beginning when the employee  
8 returns to work with restricted duties as provided by  
9 the employee's treating physician or an independent  
10 medical examiner before the employee has reached  
11 maximum medical improvement, and ending after ninety  
12 (90) days or when the employee has reached maximum  
13 medical improvement, and  
14 c. "eligible modification expenses" means expenses  
15 incurred by an employer to modify a workplace, tools  
16 or equipment or to obtain new tools or equipment and  
17 which are incurred by an employer solely to enable a  
18 specific injured employee who is injured as a result  
19 of an injury which is compensable under the Workers'  
20 Compensation Act to return to work with restricted  
21 duties as provided by the employee's treating  
22 physician or an independent medical examiner before  
23 the employee has reached maximum medical improvement,  
24

1 and which workplace, tools or equipment are used  
2 primarily by the injured employee.

3 B. In no event shall the amount of the credit(s) exceed the  
4 amount of any tax liability of the taxpayer.

5 C. The Oklahoma Tax Commission shall have the authority to  
6 promulgate rules necessary to effectuate the purposes of this  
7 section.

8 D. No credit otherwise authorized by the provisions of this  
9 section may be claimed for any event, transaction, investment,  
10 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
11 for which the credit would otherwise be allowable. ~~The provisions~~  
12 ~~of this subsection shall cease to be operative on July 1, 2012.~~

13 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
14 ~~claimed for any event, transaction, investment, expenditure or other~~  
15 ~~act occurring on or after July 1, 2012, according to the provisions~~  
16 ~~of this section. The credit authorized by this section shall not be~~  
17 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
18 ~~passes a measure, enacted into law in the manner prescribed by the~~  
19 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
20 ~~credit for any event, transaction, investment or expenditure~~  
21 ~~occurring on or after July 1, 2014.~~

22 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2357.59, is  
23 amended to read as follows:

1 Section 2357.59 A. Except as otherwise provided by subsection  
2 F of this section, if any person, firm, corporation, partnership or  
3 other legal entity has made application or filed an information  
4 report on forms prescribed by the Oklahoma Tax Commission to receive  
5 a credit against the tax imposed by Section 2355 of this title or  
6 Section 624 of Title 36 of the Oklahoma Statutes pursuant to the  
7 provisions of Sections 2357.23, 2357.51, 2357.52, 2357.53, 2357.54,  
8 2357.55, 2357.56, 2357.57 or 2357.58 of this title on or before July  
9 1, 1993, such credit may be received notwithstanding the provisions  
10 of Section 51 of Senate Bill No. 459 of the 1st Session of the 44th  
11 Oklahoma Legislature or that the other requirements for allowance of  
12 such credit are not established until after July 1, 1993.

13 B. Except as provided in this section, no person, firm,  
14 corporation, partnership or other legal entity shall qualify to  
15 receive any such credit after July 1, 1993.

16 C. For any person, firm, corporation, partnership or other  
17 legal entity or its successor who has filed the information report  
18 specified in subsection A of this section, for taxable years  
19 beginning after December 31, 1995, and ending on or before December  
20 31, 2000, there shall be allowed a credit against the tax imposed by  
21 Section 2355 of this title for fifteen percent (15%) of the  
22 investment cost of a new qualified recycling facility. A person,  
23 firm, corporation, partnership or other legal entity or its  
24 successor which has withdrawn its application or information report

1 specified in subsection A of this section shall not be eligible for  
2 such credit. For purposes of this subsection, a "qualified  
3 recycling facility" shall mean buildings, land, improvements,  
4 machinery and equipment located in Oklahoma and used in  
5 manufacturing as defined by the Standard Industrial Classification  
6 Code and at which facility is produced a qualified finished product,  
7 provided that up to ten percent (10%) of the square feet of a  
8 building may be devoted to office space used to provide clerical  
9 support for the manufacturing operation. Such ten percent (10%) may  
10 be in a separate building as long as it is part of the same  
11 contiguous tract of property on which the manufacturing facility is  
12 located. For purposes of this subsection, a "qualified finished  
13 product" shall mean a marketable product or component thereof which  
14 has economic value to the consumer and ninety percent (90%) of which  
15 is composed of materials which have been separated, diverted or  
16 removed from the waste stream and incorporated into the finished  
17 product by any means or method.

18 D. The credit provided for in subsection C of this section  
19 shall be subject to the following limitations:

20 1. The credit shall apply to investment in a qualified  
21 recycling facility only if construction or on-site installation of  
22 the facility commences on or after January 1, 1996, and before  
23 December 31, 1999;

24

1        2. The credit shall only be available if the total cost of the  
2 new qualified recycling facility exceeds Twenty Million Dollars  
3 (\$20,000,000.00) and employs at least seventy-five new full-time-  
4 equivalent employees, as certified by the Oklahoma Employment  
5 Security Commission;

6        3. The credit shall be initially allowed for the tax year in  
7 which the qualified recycling facility is placed in service.  
8 However, any credit allowed but not used in any tax year due to the  
9 limitation provided in paragraph 4 of this subsection shall be  
10 carried over in order, but used only once, to each of the fourteen  
11 (14) years following the year of initial allowance; and

12        4. The credit shall not be utilized in any tax year to reduce  
13 the income tax liability of the owner of the qualified recycling  
14 facility for such year by more than fifty percent (50%) of the tax  
15 liability calculated from the income of the qualified recycling  
16 facility. For purposes of subsections C and D of this section, the  
17 "owner" shall include the user of a qualified recycling facility  
18 under a lease with a term of five (5) years or more.

19        E. The Oklahoma Tax Commission may promulgate rules in order to  
20 implement the provisions of this section including requirements to  
21 submit any additional information as deemed necessary to implement  
22 and administer this credit.

23        F. No credit otherwise authorized by the provisions of this  
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
2 for which the credit would otherwise be allowable. ~~The provisions~~  
3 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
4 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
5 ~~claimed for any event, transaction, investment, expenditure or other~~  
6 ~~act occurring on or after July 1, 2012, according to the provisions~~  
7 ~~of this section.~~ The credit authorized by this section shall not be  
8 utilized for any period after June 30, 2014, unless the Legislature  
9 passes a measure, enacted into law in the manner prescribed by the  
10 Oklahoma Constitution, to reauthorize the ability to claim the  
11 credit for any event, transaction, investment or expenditure  
12 occurring on or after July 1, 2014.

13 SECTION 20. AMENDATORY 68 O.S. 2011, Section 2357.66, is  
14 amended to read as follows:

15 Section 2357.66 A. Except as otherwise provided by subsection  
16 H of this section, for tax years beginning after December 31, 2003,  
17 and before January 1, 2013, there shall be allowed a credit against  
18 the tax imposed by Section 2355 of this title, and against the tax  
19 imposed by Section 2370 of this title, and against the taxes imposed  
20 by Sections 624 and 628 of Title 36 of the Oklahoma Statutes and  
21 actually paid to and placed into the General Revenue Fund for any  
22 ethanol facility which is in production at the rate of at least  
23 twenty-five percent (25%) of its name plate design capacity for the  
24 production of ethanol, before denaturing, on or before December 31,

1 2010. The completion of the construction of such facilities must be  
2 after July 1, 2003. The credit shall be in the amount of twenty  
3 cents (\$0.20) per gallon of ethanol produced and shall be allowed  
4 for up to sixty (60) months beginning with the first month for which  
5 the facility is eligible to receive such credit and ending not later  
6 than December 31, 2012. The credit may only be claimed if the  
7 ethanol facility maintains an average production rate of at least  
8 twenty-five percent (25%) of its name plate design capacity for at  
9 least six (6) months after the first month for which it is eligible  
10 to receive such credit.

11 B. As used in this section:

12 1. "Ethanol facility" means a plant or facility primarily  
13 engaged in the production of ethanol or ethyl alcohol derived from  
14 grain components, coproducts, or byproducts; and

15 2. "Name plate design capacity" means the original designed  
16 capacity of an ethanol facility. Capacity may be specified as  
17 bushels of grain ground or gallons of ethanol produced per year.

18 C. Any ethanol facility eligible for a tax credit under  
19 subsection A of this section shall also receive a credit against the  
20 tax imposed by Section 2355 of this title in the amount of twenty  
21 cents (\$0.20) per gallon of ethanol produced in excess of the  
22 original name plate design capacity which results from expansion of  
23 the facility completed on or after July 1, 2003, and before December  
24 31, 2008. Such tax credit shall be allowed for up to sixty (60)

1 months beginning with the first month for which production from the  
2 expanded facility is eligible to receive such tax credit and ending  
3 not later than December 31, 2012.

4 D. 1. Beginning January 1, 2013, an ethanol facility shall  
5 receive a credit against the tax imposed by Section 2355 of this  
6 title in the amount of seven and one-half cents (\$0.075) per gallon  
7 of ethanol, before denaturing, for new production for a period not  
8 to exceed thirty-six (36) consecutive months.

9 2. For purposes of this subsection, "new production" means  
10 production which results from a new facility, a facility which has  
11 not received credits prior to January 1, 2013, or the expansion of  
12 the capacity of an existing facility by at least two million  
13 (2,000,000) gallons first placed into service after January 1, 2013,  
14 as certified by the design engineer of the facility to the Oklahoma  
15 Tax Commission.

16 3. For expansion of the capacity of an existing facility, "new  
17 production" means annual production in excess of twelve times the  
18 monthly average of the highest three (3) months of ethanol  
19 production at an ethanol facility during the twenty-four-month  
20 period immediately preceding certification of the facility by the  
21 design engineer.

22 4. No credits shall be allowed under this subsection for  
23 expansion of the capacity of an existing facility until production  
24 is in excess of twelve times the three-month average amount



1 determined under this subsection during any twelve-consecutive-month  
2 period beginning no sooner than January 1, 2013.

3 5. The amount of a credit granted pursuant to this section  
4 based on new production shall be approved by the Tax Commission  
5 based on such ethanol production records as may be necessary to  
6 reasonably determine the level of new production.

7 E. 1. The credits described in this section shall be given  
8 only for ethanol produced at a plant in this state at which all  
9 fermentation, distillation, and dehydration takes place. No credit  
10 shall be given on ethanol produced or sold for use in the production  
11 of distilled spirits.

12 2. Not more than twenty-five million (25,000,000) gallons of  
13 ethanol produced annually at any single ethanol facility nor more  
14 than seventy-five million (75,000,000) gallons of ethanol produced  
15 annually at all ethanol facilities in this state shall be eligible  
16 for the credits in subsections A and C of this section, and the  
17 credits may only be claimed by a producer for the periods specified  
18 in subsections A and C of this section.

19 3. Not more than ten million (10,000,000) gallons of ethanol  
20 produced during any twelve-consecutive-month period at any single  
21 ethanol facility nor more than thirty million (30,000,000) gallons  
22 of ethanol produced annually at all ethanol facilities in this state  
23 shall be eligible for the credit described in subsection D of this  
24

1 section, and the credit may only be claimed by a producer for the  
2 periods specified in subsection D of this section.

3 4. Not more than one hundred twenty-five million (125,000,000)  
4 gallons of ethanol produced at an ethanol facility by the end of the  
5 sixty-month period set forth in subsection A or C of this section  
6 shall be eligible for the credit under such subsection. An ethanol  
7 facility which receives a credit for ethanol produced under  
8 subsection A or C of this section shall not receive a credit under  
9 subsection D of this section until its eligibility to receive a  
10 credit under subsection A or C of this section has been completed.

11 F. The Tax Commission shall prescribe an application form and  
12 promulgate rules for claiming credits under this section.

13 G. For purposes of ascertaining the correctness of any  
14 application for claiming a credit provided in this section, the Tax  
15 Commission may examine or cause to have examined, by any agent or  
16 representative designated for that purpose, any books, papers,  
17 records, or memoranda bearing upon such matters.

18 H. 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~~ 2014,  
21 for which the credit would otherwise be allowable. ~~The provisions~~  
22 ~~of 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. The credit authorized by this section shall not be~~  
3 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
4 ~~passes a measure, enacted into law in the manner prescribed by the~~  
5 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
6 ~~credit for any event, transaction, investment or expenditure~~  
7 ~~occurring on or after July 1, 2014.~~

8 SECTION 21. AMENDATORY 68 O.S. 2011, Section 2357.67, is  
9 amended to read as follows:

10 Section 2357.67 A. Except as otherwise provided by subsection  
11 I of this section, for tax years beginning after December 31, 2004,  
12 and before January 1, 2013, there shall be allowed a credit against  
13 the tax imposed by Section 2355 of this title for any biodiesel  
14 facility which is in production at the rate of at least twenty-five  
15 percent (25%) of its name plate design capacity for the production  
16 of biodiesel, on or before December 31, 2008. The completion of the  
17 construction of such facilities must be after the date of this act.  
18 The credit shall be in the amount of twenty cents (\$0.20) per gallon  
19 of biodiesel produced and shall be allowed for sixty (60) months  
20 beginning with the first month for which the facility is eligible to  
21 receive such credit and ending not later than December 31, 2012.  
22 The credit may only be claimed if the biodiesel facility maintains  
23 an average production rate of at least twenty-five percent (25%) of  
24

1 its name plate design capacity for at least six (6) months after the  
2 first month for which it is eligible to receive such credit.

3 B. As used in this section:

4 1. "Biodiesel facility" means a plant or facility located  
5 within the State of Oklahoma and primarily engaged in the production  
6 of biodiesel derived from animal fats, grain components, coproducts,  
7 or byproducts; and

8 2. "Name plate design capacity" means the original designed  
9 capacity of a biodiesel facility. Capacity may be specified as  
10 gallons of biodiesel produced per year.

11 C. Any biodiesel facility eligible for a tax credit under  
12 subsection A of this section shall also receive a credit against the  
13 tax imposed by Section 2355 of this title in the amount of twenty  
14 cents (\$0.20) per gallon of biodiesel produced in excess of the  
15 original name plate design capacity which results from expansion of  
16 the facility completed on or after the effective date of this act  
17 and before December 31, 2008. Except as otherwise provided by  
18 subsection I of this section, such tax credit shall be allowed for  
19 sixty (60) months beginning with the first month for which  
20 production from the expanded facility is eligible to receive such  
21 tax credit and ending not later than December 31, 2012.

22 D. 1. Beginning January 1, 2013, a biodiesel facility shall  
23 receive a credit against the tax imposed by Section 2355 of this  
24 title in the amount of seven and one-half cents (\$0.075) per gallon

1 of biodiesel, for new production for a period not to exceed thirty-  
2 six (36) consecutive months.

3 2. For purposes of this subsection, "new production" means  
4 production which results from a new facility, a facility which has  
5 not received credits prior to January 1, 2013, or the expansion of  
6 the capacity of an existing facility by at least two million  
7 (2,000,000) gallons first placed into service after January 1, 2013,  
8 as certified by the design engineer of the facility to the Oklahoma  
9 Tax Commission.

10 3. For expansion of the capacity of an existing facility, "new  
11 production" means annual production in excess of twelve times the  
12 monthly average of the highest three (3) months of biodiesel  
13 production at a biodiesel facility during the twenty-four-month  
14 period immediately preceding certification of the facility by the  
15 design engineer.

16 4. No credits shall be allowed under this subsection for  
17 expansion of the capacity of an existing facility until production  
18 is in excess of twelve times the three-month average amount  
19 determined under this subsection during any twelve-consecutive-month  
20 period beginning no sooner than January 1, 2013.

21 5. The amount of a credit granted pursuant to this section  
22 based on new production shall be approved by the Tax Commission  
23 based on such biodiesel production records as may be necessary to  
24 reasonably determine the level of new production.

1 E. 1. The credits described in this section shall be given  
2 only for biodiesel produced at a plant in this state at which all  
3 biodiesel esterification takes place.

4 2. Not more than twenty-five million (25,000,000) gallons of  
5 biodiesel produced annually at a biodiesel facility shall be  
6 eligible for the credits in subsections A and C of this section, and  
7 the credits may only be claimed by a producer for the periods  
8 specified in subsections A and C of this section.

9 3. Not more than ten million (10,000,000) gallons of biodiesel  
10 produced during any twelve-consecutive-month period at a biodiesel  
11 facility shall be eligible for the credit described in subsection D  
12 of this section, and the credit may only be claimed by a producer  
13 for the periods specified in subsection D of this section.

14 4. Not more than one hundred twenty-five million (125,000,000)  
15 gallons of biodiesel produced at a biodiesel facility by the end of  
16 the sixty-month period set forth in subsection A or C of this  
17 section shall be eligible for the credit under such subsection. A  
18 biodiesel facility which receives a credit for biodiesel produced  
19 under subsection A or C of this section shall not receive a credit  
20 under subsection D of this section until its eligibility to receive  
21 a credit under subsection A or C of this section has been completed.

22 F. The Tax Commission shall prescribe an application form and  
23 promulgate rules for claiming credits under this section.

1 G. For purposes of ascertaining the correctness of any  
2 application for claiming a credit provided in this section, the Tax  
3 Commission may examine or cause to have examined, by any agent or  
4 representative designated for that purpose, any books, papers,  
5 records, or memoranda bearing upon such matters.

6 H. 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 tax year may be carried forward as a credit against  
10 subsequent income tax liability for a period not exceeding five (5)  
11 years.

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~~ 2014,  
15 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
20 ~~of this section. The credit authorized by this section shall not be~~  
21 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
22 ~~passes a measure, enacted into law in the manner prescribed by the~~  
23 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~

1 credit for any event, transaction, investment or expenditure  
2 occurring on or after July 1, 2014.

3 SECTION 22. AMENDATORY 68 O.S. 2011, Section 2357.81, is  
4 amended to read as follows:

5 Section 2357.81 A. Subject to the limitation imposed pursuant  
6 to subsection C of Section 842 of Title 62 of the Oklahoma Statutes  
7 and except as otherwise provided by subsection F of this section,  
8 for taxable years beginning after December 31, 2000, there shall be  
9 allowed as a credit against the tax imposed pursuant to Section 2355  
10 of Title 68 of the Oklahoma Statutes, an amount equal to one hundred  
11 percent (100%) of the amount of ad valorem taxes exempted pursuant  
12 to the provisions of Section 860 of Title 62 of the Oklahoma  
13 Statutes for an enterprise locating a new facility within or  
14 expanding an existing facility within an enterprise zone as  
15 designated pursuant to Section 690.2 of Title 68 of the Oklahoma  
16 Statutes if such facility is also located within an incentive  
17 district.

18 B. The income tax credit authorized by this section shall only  
19 be available, to the extent otherwise allowable and except as  
20 otherwise provided by subsection F of this section, for ad valorem  
21 taxes for which an exemption has been provided pursuant to Section  
22 860 of Title 62 of the Oklahoma Statutes on or after January 1,  
23 2001. The county assessor of the county in which the facility is  
24 located, or any part of the facility, shall provide an annual



1 certification to the Oklahoma Tax Commission not later than January  
2 31 of each calendar year as to the amount of ad valorem taxes which  
3 would have been payable by the owner of the facility without the  
4 exemption provided by Section 860 of Title 62 of the Oklahoma  
5 Statutes.

6 C. In order to claim the credit authorized by this section, the  
7 taxpayer shall obtain a certification from the local governing body  
8 approving the incentive district which shall be acknowledged by the  
9 chief elected official of the local governing body. The  
10 certification shall be signed by the Director of the Oklahoma  
11 Department of Commerce or designee, that the facility is located  
12 within an enterprise zone. The signature required by this  
13 subsection shall be acknowledged in the manner provided by law.

14 D. The credit authorized by this section shall be allowable  
15 only to the extent of ad valorem taxes which would have been levied  
16 upon the taxable value of real property and improvements physically  
17 attached to real property constituting the eligible facility without  
18 the exemption provided by Section 860 of Title 62 of the Oklahoma  
19 Statutes and shall not be allowable to the extent that the credit is  
20 claimed for ad valorem taxes which would have been levied upon the  
21 taxable value of personal property of the enterprise even if the  
22 incentive granted by the participating governmental entities in the  
23 incentive district includes personal property.

24

1 E. If the tax credit authorized by this section exceeds the  
2 amount of taxes due or if there are no state taxes due of the  
3 taxpayer, the amount of the claim not used as an offset against the  
4 taxes of a taxable year may be carried forward for a period not to  
5 exceed ten (10) years.

6 F. 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~~ 2014,  
9 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
14 ~~of this section.~~ The credit authorized by this section shall not be  
15 utilized for any period after June 30, 2014, unless the Legislature  
16 passes a measure, enacted into law in the manner prescribed by the  
17 Oklahoma Constitution, to reauthorize the ability to claim the  
18 credit for any event, transaction, investment or expenditure  
19 occurring on or after July 1, 2014.

20 SECTION 23. AMENDATORY 68 O.S. 2011, Section 2357.100,  
21 is amended to read as follows:

22 Section 2357.100 A. For taxable years beginning after December  
23 31, 2004, and ending on or before December 31, 2009, there shall be  
24 allowed a credit against the tax imposed by Section 2355 of this

1 title for the purchase and transportation of poultry litter.  
2 Subject to the limitations provided in subsection C of this section,  
3 the credit shall be available to the purchaser of the poultry litter  
4 and shall equal Five Dollars (\$5.00) per ton purchased and  
5 transported.

6 B. Except as provided in subsection F of this section, for  
7 taxable years beginning after December 31, 2009, and ending on or  
8 before December 31, 2013, there shall be allowed a credit against  
9 the tax imposed by Section 2355 of this title for the purchase and  
10 transportation of poultry litter. Subject to the limitations  
11 provided in subsection C of this section, the credit shall be  
12 available to the purchaser of the poultry litter and shall equal Ten  
13 Dollars (\$10.00) per ton purchased and transported.

14 C. 1. The total of the credits authorized by this section  
15 shall not exceed Three Hundred Seventy-five Thousand Dollars  
16 (\$375,000.00) annually. The amount of the credit for each purchaser  
17 shall be adjusted annually so that the total estimate of the credits  
18 authorized by this section does not exceed Three Hundred Seventy-  
19 five Thousand Dollars (\$375,000.00). The formula to be used for the  
20 percentage adjustment shall be Three Hundred Seventy-five Thousand  
21 Dollars (\$375,000.00) divided by the credits claimed in the  
22 preceding year. In no event shall the credit be claimed more than  
23 once by a taxpayer each taxable year.

24

1           2. In the event the total tax credits authorized by this  
2 section exceed Three Hundred Seventy-five Thousand Dollars  
3 (\$375,000.00) in any calendar year, the Oklahoma Tax Commission  
4 shall permit any excess over Three Hundred Seventy-five Thousand  
5 Dollars (\$375,000.00) but shall factor such excess into the  
6 percentage adjustment formula for subsequent years.

7           D. In order to qualify for the credit provided for in  
8 subsections A and B of this section:

9           1. The poultry litter shall only be purchased from an Oklahoma-  
10 based poultry operation registered with the State Board of  
11 Agriculture and located within an environmentally sensitive and  
12 nutrient-limited watershed area as defined in the most recent  
13 Oklahoma Water Quality Standards;

14           2. The poultry litter shall be used or spread in a watershed  
15 that is not environmentally sensitive and nutrient-limited as  
16 defined in the most recent Oklahoma Water Quality Standards; and

17           3. The poultry litter shall be applied by a certified poultry  
18 waste applicator as defined by Section 10-9.1 of Title 2 of the  
19 Oklahoma Statutes and in accordance with the provisions of Sections  
20 10-9.16 through 10-9.21 of Title 2 of the Oklahoma Statutes and any  
21 rules promulgated by the Oklahoma Department of Agriculture, Food,  
22 and Forestry.

23           E. The credit allowed by this section shall be available to the  
24 taxpayer in the year in which the poultry litter was purchased and

1 transported, provided the taxpayer is found by the Oklahoma  
2 Department of Agriculture, Food, and Forestry to have applied the  
3 poultry litter in a manner consistent with an Animal Waste  
4 Management Plan, as defined in Section 10-9.1 of Title 2 of the  
5 Oklahoma Statutes, specifically designed to restore and protect  
6 beneficial uses from impairment from nutrients. If the credit  
7 exceeds the amount of income taxes due or if there are no state  
8 income taxes due on the income of the taxpayer, the amount of the  
9 credit not used as an offset against the income taxes for a year may  
10 be carried forward as a credit against subsequent income tax  
11 liability for a period not to exceed five (5) years.

12 F. 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~~ 2014,  
15 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
20 ~~of this section.~~ The credit authorized by this section shall not be  
21 utilized for any period after June 30, 2014, unless the Legislature  
22 passes a measure, enacted into law in the manner prescribed by the  
23 Oklahoma Constitution, to reauthorize the ability to claim the

24

1 credit for any event, transaction, investment or expenditure  
2 occurring on or after July 1, 2014.

3 SECTION 24. AMENDATORY 68 O.S. 2011, Section 2357.101,  
4 is amended to read as follows:

5 Section 2357.101 A. Except as otherwise provided in subsection  
6 E of this section, for taxable years beginning after December 31,  
7 2004, there shall be allowed against the tax imposed by Section 2355  
8 of Title 68 of the Oklahoma Statutes, a credit equal to twenty-five  
9 percent (25%) of the amount of profit made by a taxpayer from  
10 investment in an existing Oklahoma film or music project with a  
11 production company to pay for production costs that is reinvested by  
12 the taxpayer with the production company to pay for the production  
13 cost of the production company for a new Oklahoma film or music  
14 project.

15 B. In no event shall the amount of the credit provided for in  
16 subsection A of this section for an eligible taxpayer exceed the tax  
17 liability of the taxpayer in a calendar year.

18 C. The Oklahoma Tax Commission shall have the authority to  
19 prescribe forms for purposes of claiming the credit authorized in  
20 subsection A of this section. The forms shall include, but not be  
21 limited to, requests for information that prove who the investment  
22 was with, the amount of the original investment and the amount of  
23 the profit realized from the investment.

24 D. As used in this section:

1           1. "Film" means a professional single media, multimedia program  
2 or feature, which is not child pornography as defined in subsection  
3 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene  
4 material as defined in paragraph 1 of subsection B of Section 1024.1  
5 of Title 21 of the Oklahoma Statutes including, but not limited to,  
6 national advertising messages that are broadcast on a national  
7 affiliate or cable network, fixed on film or digital video, which  
8 can be viewed or reproduced and which is exhibited in theaters,  
9 licensed for exhibition by individual television stations, groups of  
10 stations, networks, cable television stations or other means or  
11 licensed for home viewing markets;

12           2. "Music project" means a professional recording released on a  
13 national or international level, whether via traditional  
14 manufacturing or distributing or electronic distribution, using  
15 technology currently in use or future technology including, but not  
16 limited to, music CDs, radio commercials, jingles, cues, or  
17 electronic device recordings;

18           3. "Production company" means a person who produces a film or  
19 music project for exhibition in theaters, on television or  
20 elsewhere;

21           4. "Total production cost" includes, but is not limited to:  
22           a. wages or salaries of persons who have earned income  
23                 from working on a film or music project in this state,  
24                 including payments to personal services corporations

1 with respect to the services of qualified performing  
2 artists, as determined under Section 62(a)(A) of the  
3 Internal Revenue Code,

- 4 b. the cost of construction and operations, wardrobe,  
5 accessories and related services,
- 6 c. the cost of photography, sound synchronization,  
7 lighting and related services,
- 8 d. the cost of editing and related services,
- 9 e. rental of facilities and equipment, and
- 10 f. other direct costs of producing a film or music  
11 project;

12 5. "Existing Oklahoma film or music project" means a film or  
13 music project produced after July 1, 2005;

14 6. "Profit" means the amount made by the taxpayer to be  
15 determined as follows:

- 16 a. the gross revenues less gross expenses, including  
17 direct production, distribution and marketing costs  
18 and an allocation of indirect overhead costs, of the  
19 film or music project shall be multiplied by,
- 20 b. a ratio, the numerator of which is Oklahoma production  
21 costs, as defined in paragraph 7 of this subsection,  
22 and the denominator of which is total production  
23 costs, as defined in paragraph 4 of this subsection,  
24 which shall be multiplied by,



- 1           c.    the percent of the taxpayer's taxable income allocated  
2                   to Oklahoma in a taxable year, and
- 3           d.    subtract from the result of the formula calculated  
4                   pursuant to subparagraphs a through c of this  
5                   paragraph the profit made by a taxpayer from  
6                   investment in an existing Oklahoma film or music  
7                   project in previous taxable years. Profit shall  
8                   include either a net profit or net loss;

9           7.    "Oklahoma production cost" means that portion of total  
10 production costs which are incurred with any qualified vendor;

- 11           8.    a.    "Qualified vendor" means an Oklahoma entity which  
12                   provides goods or services to a production company and  
13                   for which:

14                   (1)   fifty percent (50%) or more of its employees are  
15                         Oklahoma residents, and

16                   (2)   fifty percent (50%) or more of gross wages, as  
17                         reported on Internal Revenue Service Form W-2 or  
18                         Form 1099, are paid to Oklahoma residents.

- 19           b.    For purposes of this paragraph, an employee shall  
20                   include a self-employed individual reporting income  
21                   from a qualified vendor on Internal Revenue Service  
22                   Form 1040.

- 23           c.    The Oklahoma Tax Commission shall prescribe forms by  
24                   which an entity may be certified to a production

1 company as a qualified vendor for purposes of this  
2 section; and

3 9. "Investment" means costs associated with the original  
4 production company. Film or music projects acquired from an  
5 original production company do not qualify as investment under  
6 subsection A of this section.

7 E. No credit otherwise authorized by the provisions of this  
8 section may be claimed for any event, transaction, investment,  
9 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
10 for which the credit would otherwise be allowable. ~~The provisions~~  
11 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
12 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
13 ~~claimed for any event, transaction, investment, expenditure or other~~  
14 ~~act occurring on or after July 1, 2012, according to the provisions~~  
15 ~~of this section. The credit authorized by this section shall not be~~  
16 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
17 ~~passes a measure, enacted into law in the manner prescribed by the~~  
18 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
19 ~~credit for any event, transaction, investment or expenditure~~  
20 ~~occurring on or after July 1, 2014.~~

21 SECTION 25. AMENDATORY 68 O.S. 2011, Section 2357.102,  
22 is amended to read as follows:

23 Section 2357.102 A. Except as otherwise provided by subsection  
24 G of this section, for taxable years beginning after December 31,

1 2005, there shall be allowed a credit against the tax imposed by  
2 Section 2355 of Title 68 of the Oklahoma Statutes for the cost of  
3 the purchase of a dry fire hydrant or the cost to provide an  
4 acceptable means of water storage for such dry fire hydrant  
5 including a pond, tank, or other storage facility with the primary  
6 purpose of fire protection within the State of Oklahoma. The credit  
7 shall be equal to fifty percent (50%) of the purchase price of the  
8 dry fire hydrant or the actual expenditure for any new water storage  
9 construction, equipment, development and installation of the dry  
10 hydrant, including pipes, valves, hydrants, and labor for each  
11 installation of a dry hydrant or new water storage facility but in  
12 no event shall the amount of the credit exceed Five Thousand Dollars  
13 (\$5,000.00) for each taxpayer.

14 B. In order to qualify for the tax credit provided for in  
15 subsection A of this section, the dry fire hydrant or new water  
16 storage facility must meet the following minimum requirements:

17 1. Each body of water or water storage structure must be able  
18 to provide two hundred fifty (250) gallons per minute for a  
19 continuous two-hour period during a fifty-year drought or freeze at  
20 a vertical lift of eighteen (18) feet;

21 2. Each dry fire hydrant must be located within twenty-five  
22 (25) feet of an all-weather roadway and must be accessible to fire  
23 protection equipment; and  
24

1 3. Dry fire hydrants shall be located a reasonable distance  
2 from other dry or pressurized hydrants.

3 C. In no event shall the amount of the credit exceed the amount  
4 of any tax liability of the taxpayer.

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

8 E. The Oklahoma Tax Commission and the State Fire Marshal  
9 Commission shall promulgate rules to establish the requirements for  
10 the construction of a dry fire hydrant or new water storage facility  
11 and permit verification of eligibility of a dry fire hydrant or new  
12 water storage facility for the credit provided for in subsection A  
13 of this section.

14 F. As used in this section, "dry fire hydrant" means  
15 nonpressurized pipes permanently installed in lakes, farm ponds, and  
16 streams that provide a ready means of drawing water.

17 G. 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~~ 2014,  
20 for which the credit would otherwise be allowable. ~~The provisions~~  
21 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
22 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
23 ~~claimed for any event, transaction, investment, expenditure or other~~  
24 ~~act occurring on or after July 1, 2012, according to the provisions~~

1 ~~of this section.~~ The credit authorized by this section shall not be  
2 utilized for any period after June 30, 2014, unless the Legislature  
3 passes a measure, enacted into law in the manner prescribed by the  
4 Oklahoma Constitution, to reauthorize the ability to claim the  
5 credit for any event, transaction, investment or expenditure  
6 occurring on or after July 1, 2014.

7 SECTION 26. AMENDATORY 68 O.S. 2011, Section 2357.104,  
8 is amended to read as follows:

9 Section 2357.104 A. Except as otherwise provided by subsection  
10 G of this section, for taxable years beginning after December 31,  
11 2005, there shall be allowed a credit against the tax imposed by  
12 Section 2355 of this title equal to fifty percent (50%) of an  
13 eligible taxpayer's qualified railroad reconstruction or replacement  
14 expenditures.

15 B. 1. Except as provided in paragraph 2 of this subsection,  
16 the amount of the credit shall be limited to the product of Five  
17 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars  
18 (\$2,000.00) for tax year 2008 and subsequent tax years and the  
19 number of miles of railroad track owned or leased within this state  
20 by the eligible taxpayer as of the close of the taxable year.

21 2. In tax year 2009 and subsequent tax years, a taxpayer may  
22 elect to increase the limit provided in paragraph 1 of this  
23 subsection to an amount equal to three times the limit specified in  
24 paragraph 1 of this subsection for qualified expenditures made in

1 the tax year, provided the taxpayer may only claim one third (1/3)  
2 of the credit in any one taxable period.

3 C. The credit allowed pursuant to subsection A of this section  
4 but not used shall be freely transferable, by written agreement, to  
5 subsequent transferees at any time during the five (5) years  
6 following the year of qualification. An eligible transferee shall  
7 be any taxpayer subject to the tax imposed by Section 2355 of this  
8 title. The person originally allowed the credit and the subsequent  
9 transferee shall jointly file a copy of the written credit transfer  
10 agreement with the Oklahoma Tax Commission within thirty (30) days  
11 of the transfer. The written agreement shall contain the name,  
12 address and taxpayer identification number of the parties to the  
13 transfer, the amount of credit being transferred, the year the  
14 credit was originally allowed to the transferring person and the tax  
15 year or years for which the credit may be claimed. The Tax  
16 Commission shall promulgate rules to permit verification of the  
17 timeliness of a tax credit claimed upon a tax return pursuant to  
18 this subsection but shall not promulgate any rules which unduly  
19 restrict or hinder the transfers of such tax credit. The Department  
20 of Transportation shall promulgate rules to permit verification of  
21 the eligibility of an eligible taxpayer's expenditures for the  
22 purpose of claiming the credit. The rules shall provide for the  
23 approval of qualified railroad reconstruction or replacement  
24 expenditures prior to commencement of a project and provide a

1 certificate of verification upon completion of a project that uses  
2 qualified railroad reconstruction or replacement expenditures. The  
3 certificate of verification shall satisfy all requirements of the  
4 Tax Commission pertaining to the eligibility of the person claiming  
5 the credit.

6 D. Any credits allowed pursuant to the provisions of subsection  
7 A of this section but not used in any tax year may be carried over  
8 in order to each of the five (5) years following the year of  
9 qualification.

10 E. A taxpayer who elects to increase the limitation on the  
11 credit under paragraph 2 of subsection B of this section shall not  
12 be granted additional credits under subsection A of this section  
13 during the period of such election.

14 F. As used in this section:

15 1. "Class II and Class III railroad" means a railroad that is  
16 classified by the United States Surface Transportation Board as a  
17 Class II or Class III railroad;

18 2. "Eligible taxpayer" means any Class II or Class III  
19 railroad; and

20 3. "Qualified railroad reconstruction or replacement  
21 expenditures" means expenditures for:

22 a. reconstruction or replacement of railroad  
23 infrastructure including track, roadbed, bridges,  
24 industrial leads and track-related structures owned or

1 leased by a Class II or Class III railroad as of  
2 January 1, 2006, or

3 b. new construction of industrial leads, switches, spurs  
4 and sidings and extensions of existing sidings by a  
5 Class II or Class III railroad.

6 G. 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~~ 2014,  
9 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
14 ~~of this section. The credit authorized by this section shall not be~~  
15 ~~utilized for any period after June 30, 2014, unless the Legislature~~  
16 ~~passes a measure, enacted into law in the manner prescribed by the~~  
17 ~~Oklahoma Constitution, to reauthorize the ability to claim the~~  
18 ~~credit for any event, transaction, investment or expenditure~~  
19 ~~occurring on or after July 1, 2014.~~

20 SECTION 27. AMENDATORY 68 O.S. 2011, Section 2357.201,  
21 is amended to read as follows:

22 Section 2357.201 A. As used in this act:  
23  
24



1 1. "Qualified business enterprise" means an entity or  
2 affiliated group of entities electing to file a consolidated  
3 Oklahoma income tax return:

- 4 a. organized as a corporation, partnership, limited  
5 liability company or other entity having limited  
6 liability pursuant to the laws of the State of Oklahoma  
7 or the laws of another state, if such entity is  
8 registered to do business within the state, a general  
9 partnership, limited liability partnership, limited  
10 liability limited partnership or other legal entity  
11 having the right to conduct lawful business within the  
12 state,
- 13 b. whose principal business activities are described by  
14 the North American Industry Classification System by  
15 Industry No. 514210, or Industry No. 541512 or Industry  
16 No. 541519 as reflected in the 1997 edition of such  
17 publication,
- 18 c. that makes at least seventy-five percent (75%) of its  
19 sales to out-of-state customers or buyers which shall  
20 be determined in the same manner as provided for  
21 purposes of the Oklahoma Quality Jobs Program Act,
- 22 d. that is a high-speed processing facility in Oklahoma  
23 utilizing systems such as TPF, zTPF or other advanced  
24 technical systems,

1 e. that, as of July 1, 2005, maintains an Oklahoma annual  
2 payroll of at least Eighty-five Million Dollars

3 (\$85,000,000.00), and

4 f. that, as of July 1, 2005, maintains an Oklahoma labor  
5 force of one thousand (1,000) or more persons;

6 2. "Qualified capital expenditures" means those costs incurred  
7 by the qualified business enterprise for acquisition of personal  
8 property to be used in business operations within the state that  
9 qualifies for depreciation and/or amortization pursuant to the  
10 Internal Revenue Code of 1986, as amended, during the taxable year  
11 for which the credit authorized by this section is claimed, or costs  
12 incurred to refurbish, repair or maintain any existing personal  
13 property located within the state;

14 3. "Qualified wages" means compensation, including any  
15 employer-paid health care benefits, to full-time or part-time  
16 employees of the qualified business enterprise if such employees are  
17 full-time residents of the state; and

18 4. "Qualified training expenses" means those costs, whether or  
19 not deductible as a business expense pursuant to the Internal  
20 Revenue Code of 1986, as amended, incurred to locate, interview,  
21 hire and educate an employee of the enterprise who has not  
22 previously been employed by the enterprise and who is a resident of  
23 the state.

1 B. For taxable years beginning after December 31, 2005, and  
2 ending not later than December 31, 2013, there shall be allowed as a  
3 credit against the tax imposed by Section 2355 of this title,  
4 subject to the limitations imposed by subsection C of this section,  
5 an amount equal to fifteen percent (15%) of:

- 6 1. Qualified capital expenditures; or
- 7 2. Qualified wages; or
- 8 3. Qualified training expenses; or
- 9 4. The sum of any of the expenses identified in paragraphs 1  
10 through 3 of this subsection, in any combination.

11 C. For purposes of computing the credit amount prescribed by  
12 subsection B of this section, the expenses described by paragraphs  
13 1, 2 and 3 of subsection B of this section may be added together or  
14 considered independently, but the total credit amount shall not  
15 exceed Three Hundred Fifty Thousand Dollars (\$350,000.00) each year  
16 for the fiscal year ending June 30, 2007, the fiscal year ending  
17 June 30, 2008, the fiscal year ending June 30, 2009, and for all  
18 subsequent fiscal years.

19 D. For purposes of the expenditures described by subsection B  
20 of this section a qualified business enterprise may incur  
21 expenditures beginning January 1, 2005, through December 31, 2013,  
22 for purposes of computing the credit amount. The claim for such  
23 credits earned for the fiscal year ending June 30, 2007, shall not  
24 be filed earlier than July 1, 2006, and the claims for each

1 subsequent taxable year may be filed no earlier than July 1 of each  
2 of the applicable succeeding years.

3 E. For purposes of the limitation on the credit amount that may  
4 be claimed by a qualified business enterprise, an extension of time  
5 for filing of an income tax return shall not extend the time period  
6 for purposes of claiming the credit authorized by this section.

7 F. If the amount of the credit allowable is in excess of the  
8 tax liability, the amount of the credit not used shall be refunded  
9 to the taxpayer subject to the total limit of Three Hundred Fifty  
10 Thousand Dollars (\$350,000.00) each year for the fiscal year ending  
11 June 30, 2007, the fiscal year ending June 30, 2008, the fiscal year  
12 ending June 30, 2009, and each of the applicable subsequent fiscal  
13 years.

14 G. No credit for any fiscal year as otherwise authorized by  
15 this section shall be based upon any qualified expenditure used to  
16 compute a credit amount for any preceding taxable year.

17 H. The credit authorized by the provisions of this section  
18 shall not be transferable.

19 I. The Tax Commission may prescribe forms for purposes of  
20 claiming the credit authorized by this section and for verifying  
21 eligibility for the credit.

22 J. No credit otherwise authorized by the provisions of this  
23 section may be claimed for any event, transaction, investment,  
24 expenditure or other act occurring on or after July 1, 2014, for

1 which the credit would otherwise be allowable. The credit  
2 authorized by this section shall not be utilized for any period  
3 after June 30, 2014, unless the Legislature passes a measure,  
4 enacted into law in the manner prescribed by the Oklahoma  
5 Constitution, to reauthorize the ability to claim the credit for any  
6 event, transaction, investment or expenditure occurring on or after  
7 July 1, 2014.

8 SECTION 28. AMENDATORY 68 O.S. 2011, Section 2357.203,  
9 is amended to read as follows:

10 Section 2357.203 A. As used in this section:

11 1. "Nonqualified operating expenditures" means labor costs,  
12 salary and other compensation, whether direct or indirect, paid to  
13 directors, officers, limited liability company members, limited  
14 liability company managers, partners or other principals or  
15 employees of the business entity;

16 2. "Qualified direct costs" means expenditures, other than  
17 nonqualified operating expenditures, to construct dog kennels,  
18 fences, pens, training areas for canines, structures for office  
19 space or other improvements to real property necessary for the  
20 proper training of a specially trained canine, including the cost of  
21 food, water, veterinary expenses and other costs directly related to  
22 the operation of the training facility; and

23  
24

1           3. "Specially trained canines" means dogs that are raised by a  
2 person who is officially licensed as a dog breeder by the United  
3 States Department of Agriculture.

4           B. Except as provided in subsection F of this section, for  
5 taxable years beginning after December 31, 2005, there shall be  
6 allowed a credit against the tax imposed pursuant to Section 2355 of  
7 Title 68 of the Oklahoma Statutes in the amount of fifty percent  
8 (50%) of the qualified direct costs associated with the operation of  
9 a business enterprise the principal purpose of which is the rearing  
10 of specially trained canines.

11          C. The provisions of this section shall not be applicable to  
12 nonqualified operating expenditures.

13          D. The credit authorized by this section shall not be used to  
14 reduce the tax liability of the taxpayer to less than zero (0). Any  
15 credits authorized by this section claimed for a taxable year which  
16 are unable to be used may be carried over, in order, to each of the  
17 five (5) subsequent taxable years.

18          E. The Oklahoma Tax Commission shall be authorized to prescribe  
19 such forms as may be necessary in order to administer the tax credit  
20 authorized by this section. The Tax Commission may request such  
21 additional documentation as may be required from the taxpayer in  
22 order to verify the eligibility for the credit authorized by this  
23 section.

1 F. 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~~ 2014,  
4 for which the credit would otherwise be allowable. ~~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, 2012, according to the provisions~~  
9 ~~of this section.~~ The credit authorized by this section shall not be  
10 utilized for any period after June 30, 2014, unless the Legislature  
11 passes a measure, enacted into law in the manner prescribed by the  
12 Oklahoma Constitution, to reauthorize the ability to claim the  
13 credit for any event, transaction, investment or expenditure  
14 occurring on or after July 1, 2014.

15 SECTION 29. AMENDATORY 68 O.S. 2011, Section 2370, is  
16 amended to read as follows:

17 Section 2370. A. For taxable years beginning after December  
18 31, 1989, for the privilege of doing business within this state,  
19 every state banking association, national banking association and  
20 credit union organized under the laws of this state, located or  
21 doing business within the limits of the State of Oklahoma shall  
22 annually pay to this state a privilege tax at the rate of six  
23 percent (6%) of the amount of the taxable income as provided in this  
24 section.

1 B. 1. The privilege tax levied by this section shall be in  
2 addition to the Business Activity Tax levied in Section 1218 of this  
3 title and the franchise tax levied in Article 12 of this title and  
4 in lieu of the tax levied by Section 2355 of this title and in lieu  
5 of all taxes levied by the State of Oklahoma, or any subdivision  
6 thereof, upon the shares of stock or personal property of any  
7 banking association or credit union subject to taxation under this  
8 section.

9 2. Nothing in this section shall be construed to exempt the  
10 real property of any banking associations or credit unions from  
11 taxation to the same extent, according to its value, as other real  
12 property is taxed. Nothing herein shall be construed to exempt an  
13 association from payment of any fee or tax authorized or levied  
14 pursuant to the banking laws.

15 3. Personal property which is subject to a lease agreement  
16 between a bank or credit union, as lessor, and a nonbanking business  
17 entity or individual, as lessee, is not exempt from personal  
18 property ad valorem taxation. Provided further, that it shall be  
19 the duty of the lessee of such personal property to return sworn  
20 lists or schedules of their taxable property within each county to  
21 the county assessor of such county as provided in Sections 2433 and  
22 2434 of this title.

23 C. Any tax levied under this section shall accrue on the last  
24 day of the taxable year and be payable as provided in Section 2375



1 of this title. The accrual of such tax for the first taxable year  
2 to which this act applies, shall apply notwithstanding the prior  
3 accrual of a tax in the same taxable year based upon the net income  
4 of the next preceding taxable year; provided, however, any  
5 additional deduction enuring to the benefit of the taxpayer shall be  
6 deducted in accordance with the optional transitional deduction  
7 procedures in Section 2354 of this title.

8 D. The basis of the tax shall be United States taxable income  
9 as defined in paragraph 10 of Section 2353 of this title and any  
10 adjustments thereto under the provisions of Section 2358 of this  
11 title with the following adjustments:

12 1. There shall be deducted all interest income on obligations  
13 of the United States government and agencies thereof not otherwise  
14 exempted and all interest income on obligations of the State of  
15 Oklahoma or political subdivisions thereof, including public trust  
16 authorities, not otherwise exempted under the laws of this state;  
17 and

18 2. Expense deductions claimed in arriving at taxable income  
19 under paragraph 10 of Section 2353 of this title shall be reduced by  
20 an amount equal to fifty percent (50%) of excluded interest income  
21 on obligations of the United States government or agencies thereof  
22 and obligations of the State of Oklahoma or political subdivisions  
23 thereof.

24

1 E. 1. Except as otherwise provided in paragraph 2 of this  
2 subsection, there shall be allowed a credit against the tax levied  
3 in subsection A of this section in an amount equal to the amount of  
4 taxable income received by a participating financial institution as  
5 defined in Section 90.2 of Title 62 of the Oklahoma Statutes  
6 pursuant to a loan made under the Rural Economic Development Loan  
7 Act. Such credit shall be limited each year to five percent (5%) of  
8 the amount of annual payroll certified by the Oklahoma Rural  
9 Economic Development Loan Program Review Board pursuant to the  
10 provisions of paragraph 3 of subsection B of Section 90.4 of Title  
11 62 of the Oklahoma Statutes with respect to the loan made by the  
12 participating financial institution and may be claimed for any  
13 number of years necessary until the amount of total credits claimed  
14 is equal to the total amount of taxable income received by the  
15 participating financial institution pursuant to the loan. Any  
16 credit allowed but not used in a taxable year may be carried forward  
17 for a period not to exceed five (5) taxable years. In no event  
18 shall a credit allowed pursuant to the provisions of this subsection  
19 be transferable or refundable.

20 2. No credit otherwise authorized by the provisions of this  
21 subsection may be claimed for any event, transaction, investment,  
22 expenditure or other act occurring on or after July 1, ~~2010~~ 2014 for  
23 which the credit would otherwise be allowable. ~~The provisions of~~  
24 ~~this paragraph shall cease to be operative on July 1, 2012.~~

1 ~~Beginning July 1, 2012, the credit authorized by this subsection may~~  
2 ~~be claimed for any event, transaction, investment, expenditure or~~  
3 ~~other act occurring on or after July 1, 2012, according to the~~  
4 ~~provisions of this subsection.~~ The credit authorized by this  
5 section shall not be utilized for any period after June 30, 2014,  
6 unless the Legislature passes a measure, enacted into law in the  
7 manner prescribed by the Oklahoma Constitution, to reauthorize the  
8 ability to claim the credit for any event, transaction, investment  
9 or expenditure occurring on or after July 1, 2014.

10 SECTION 30. AMENDATORY 68 O.S. 2011, Section 2370.3, is  
11 amended to read as follows:

12 Section 2370.3 A. There shall be allowed a credit against the  
13 tax imposed by Section 2370 of Title 68 of the Oklahoma Statutes for  
14 any state banking association, national banking association, or  
15 credit union domiciled in this state for the amount of the  
16 origination fee paid by the banking association or credit union to  
17 the United States Department of Education pursuant to the "Stafford"  
18 loan guaranty program for an Oklahoma resident.

19 B. Except as provided in subsection F of this section, the  
20 credit authorized by this section may be claimed for origination  
21 fees paid on or after July 1, 2007.

22 C. No credit may be claimed pursuant to this section if,  
23 pursuant to the agreement between the banking association or credit  
24 union and the student to which proceeds are made available, the

1 banking association or credit union adds the amount of the U.S.  
2 Department of Education origination fee to the amount financed by  
3 the borrower or in any other way recovers the origination fee amount  
4 from the borrower.

5 D. The credit authorized by this section may be claimed, and if  
6 not fully used in the initial year for which the credit is claimed,  
7 may be carried over, in order, to each of the five (5) succeeding  
8 taxable years. The credit authorized by this section may not be  
9 used to reduce the tax liability of the credit claimant below zero  
10 (0).

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

16 F. No credit otherwise authorized by the provisions of this  
17 section may be claimed for any event, transaction, investment,  
18 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
19 for which the credit would otherwise be allowable. ~~The provisions~~  
20 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
21 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
22 ~~claimed for any event, transaction, investment, expenditure or other~~  
23 ~~act occurring on or after July 1, 2012, according to the provisions~~  
24 ~~of this section.~~ The credit authorized by this section shall not be

1 utilized for any period after June 30, 2014, unless the Legislature  
2 passes a measure, enacted into law in the manner prescribed by the  
3 Oklahoma Constitution, to reauthorize the ability to claim the  
4 credit for any event, transaction, investment or expenditure  
5 occurring on or after July 1, 2014.

6 SECTION 31. AMENDATORY 68 O.S. 2011, Section 54006, is  
7 amended to read as follows:

8 Section 54006. A. Except as provided in subsection F of this  
9 section, for taxable years beginning after December 31, 1992, and  
10 before January 1, 2003, and for taxable years beginning after  
11 December 31, 2005, there shall be allowed a credit against the tax  
12 imposed by Section 2355 of this title for a net increase in the  
13 number of full-time-equivalent employees engaged in computer  
14 services, data processing or research and development as defined in  
15 Section 54003 of this title, in this state including employees  
16 engaged in support services.

17 B. The credit provided for in subsection A of this section  
18 shall be allowed in each of the four (4) subsequent years only if  
19 the level of new employees is maintained in the subsequent year;  
20 provided, such credit shall be allowed in each of the eight (8)  
21 subsequent years only if the level of new employees is maintained in  
22 the subsequent year and if the credit is taken for taxable years  
23 beginning after December 31, 2005. In calculating the credit by the  
24 number of new employees, only those employees whose paid wages or

1 salary were at least Thirty-five Thousand Dollars (\$35,000.00)  
2 during each year the credit is claimed shall be included in the  
3 calculation. The number of new employees shall be determined by  
4 comparing the monthly average number of full-time employees subject  
5 to Oklahoma income tax withholding for the final quarter of the  
6 taxable year with the corresponding period of the prior taxable  
7 year, as substantiated by such reports as may be required by the Tax  
8 Commission.

9 C. For credits taken for taxable years beginning after December  
10 31, 1992, and before January 1, 2003, in order to be eligible to  
11 receive the credit provided for in subsection A of this section, a  
12 new or expanding business shall not include the existing employee  
13 positions of any business enterprise that is directly or  
14 beneficially owned by a corporation, trust, joint venture,  
15 proprietorship, or partnership doing business in this state as of  
16 January 1, 1992. For credits taken for taxable years beginning  
17 after December 31, 2005, in order to be eligible to receive the  
18 credit provided for in subsection A of this section, a new or  
19 expanding business shall not include the existing employee positions  
20 of any business enterprise that is directly or beneficially owned by  
21 a corporation, trust, joint venture, proprietorship, or partnership  
22 doing business in this state as of January 1, 2005.

23  
24

1 D. The credit allowed by subsection A of this section shall be  
2 Five Hundred Dollars (\$500.00) for each new employee, but not to  
3 exceed fifty new employees.

4 E. Any credits allowed but not used in any taxable year may be  
5 carried over in order to each of the four (4) years following the  
6 year of qualification and to the extent not used in those years in  
7 order to each of the five (5) years following the initial five-year  
8 period.

9 F. No credit otherwise authorized by the provisions of this  
10 section may be claimed for any event, transaction, investment,  
11 expenditure or other act occurring on or after July 1, ~~2010~~ 2014,  
12 for which the credit would otherwise be allowable. ~~The provisions~~  
13 ~~of this subsection shall cease to be operative on July 1, 2012.~~  
14 ~~Beginning July 1, 2012, the credit authorized by this section may be~~  
15 ~~claimed for any event, transaction, investment, expenditure or other~~  
16 ~~act occurring on or after July 1, 2012, according to the provisions~~  
17 ~~of this section.~~ The credit authorized by this section shall not be  
18 utilized for any period after June 30, 2014, unless the Legislature  
19 passes a measure, enacted into law in the manner prescribed by the  
20 Oklahoma Constitution, to reauthorize the ability to claim the  
21 credit for any event, transaction, investment or expenditure  
22 occurring on or after July 1, 2014.

1 SECTION 32. This act shall become effective July 1, 2014.

2  
3 54-1-5260 MAH 01/16/13  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24