

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 SENATE BILL 1339

By: Shaw

4
5
6 AS INTRODUCED

7 An Act relating to tax credits; amending 68 O.S.
8 2011, Sections 2357.11, as amended by Section 1,
9 Chapter 371, O.S.L. 2013, 2357.22, as last amended by
10 Section 12, Chapter 328, O.S.L. 2014, 2357.27, as
11 amended by Section 1, Chapter 33, O.S.L. 2014,
12 2357.32A, as amended by Section 2, Chapter 371,
13 O.S.L. 2013, 2357.47, as amended by Section 1,
14 Chapter 292, O.S.L. 2014, 2357.302, as amended by
15 Section 2, Chapter 30, O.S.L. 2014, 2357.303, as
16 amended by Section 3, Chapter 30, O.S.L. 2014,
17 2357.304, as amended by Section 4, Chapter 30, O.S.L.
18 2014, 2357.401, as amended by Section 1, Chapter 34,
19 O.S.L. 2014 and 2370, as amended by Section 1,
20 Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015, Sections
21 2357.11, 2357.22, 2357.27, 2357.32A, 2357.47,
22 2357.302, 2357.303, 2357.304, 2357.401 and 2370),
23 which relate to tax credits for certain expenditures
24 and activities; modifying the time period, subject to
certain condition, during which credits are allowed
for purchase or production of coal, investments in
clean-burning motor vehicle fuel property, expenses
of child care providers, generation of electricity by
zero-emission facilities, eligible modification
expenses by certain employers, tuition reimbursed by
an employer to an aerospace employee, compensation
paid by an employer to an aerospace employee, income
tax liability of an aerospace employee, electronic
fund transfers paid, income from participation in
Rural Economic Development Loan Act; and providing an
effective date.

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

2 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.11, as
3 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
4 Section 2357.11), is amended to read as follows:

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

9 B. 1. Except as provided in ~~subsection M~~ subsections M and N
10 of this section, for tax years beginning on or after January 1,
11 1993, ~~and ending on or before December 31, 2021,~~ there shall be
12 allowed a credit against the tax imposed by Section 1803 or Section
13 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
14 Statutes for every person in this state furnishing water, heat,
15 light or power to the state or its citizens, or for every person in
16 this state burning coal to generate heat, light or power for use in
17 manufacturing operations located in this state.

18 2. For tax years beginning on or after January 1, 1993, and
19 ending on or before December 31, 2005, and for the period of January
20 1, 2006, through June 30, 2006, the credit shall be in the amount of
21 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
22 purchased by such person.

23 3. For the period of July 1, 2006 through December 31, 2006,
24 and for tax years beginning on or after January 1, 2007, ~~and ending~~

1 ~~on or before December 31, 2021,~~ the credit shall be in the amount of
2 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of
3 Oklahoma-mined coal purchased by such person.

4 4. In addition to the credit allowed pursuant to the provisions
5 of paragraph 3 of this subsection, for the period of July 1, 2006,
6 through December 31, 2006, and except as provided in ~~subsection M~~
7 subsections M and N of this section, for tax years beginning on or
8 after January 1, 2007, ~~and ending on or before December 31, 2021,~~
9 there shall be allowed a credit in the amount of Two Dollars and
10 fifteen cents (\$2.15) per ton for each ton of Oklahoma-mined coal
11 purchased by such person. The credit allowed pursuant to the
12 provisions of this paragraph may not be claimed or transferred prior
13 to January 1, 2008.

14 C. For tax years beginning on or after January 1, 1995, and
15 ending on or before December 31, 2005, and for the period beginning
16 January 1, 2006, through June 30, 2006, there shall be allowed, in
17 addition to the credits allowed pursuant to subsection B of this
18 section, a credit against the tax imposed by Section 1803 or Section
19 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
20 Statutes for every person in this state which:

21 1. Furnishes water, heat, light or power to the state or its
22 citizens, or burns coal to generate heat, light or power for use in
23 manufacturing operations located in this state; and
24

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

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

6 D. Except as otherwise provided in subsection E of this section
7 and in ~~subsection M~~ subsections M and N of this section, for tax
8 years beginning on or after January 1, 2001, and ending ~~on or~~ before
9 ~~December 31, 2021~~ January 1, 2018, there shall be allowed a credit
10 against the tax imposed by Section 1803 or Section 2355 of this
11 title or Section 624 or 628 of Title 36 of the Oklahoma Statutes for
12 every person in this state primarily engaged in mining, producing or
13 extracting coal, and holding a valid permit issued by the Oklahoma
14 Department of Mines. For tax years beginning on or after January 1,
15 2001, and ending on or before December 31, 2005, and for the period
16 beginning January 1, 2006, through June 30, 2006, the credit shall
17 be in the amount of ninety-five cents (\$0.95) per ton and for the
18 period of July 1, 2006, through December 31, 2006, and for tax years
19 beginning on or after January 1, 2007, the credit shall be in the
20 amount of Five Dollars (\$5.00) for each ton of coal mined, produced
21 or extracted in on, under or through a permit in this state by such
22 person.

23 E. In addition to the credit allowed pursuant to the provisions
24 of subsection D of this section and except as otherwise provided in

1 subsection F of this section, for tax years beginning on or after
2 January 1, 2001, and ending on or before December 31, 2005, and for
3 the period of January 1, 2006, through June 30, 2006, there shall be
4 allowed a credit against the tax imposed by Section 1803 or Section
5 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
6 Statutes for every person in this state primarily engaged in mining,
7 producing or extracting coal, and holding a valid permit issued by
8 the Oklahoma Department of Mines in the amount of ninety-five cents
9 (\$0.95) per ton for each ton of coal mined, produced or extracted
10 from thin seams in this state by such person; provided, the credit
11 shall not apply to such coal sold to any consumer who purchases at
12 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
13 coal per year.

14 F. In addition to the credit allowed pursuant to the provisions
15 of subsection D of this section and except as otherwise provided in
16 subsection G of this section, for tax years beginning on or after
17 January 1, 2005, and ending on or before December 31, 2005, and for
18 the period of January 1, 2006, through June 30, 2006, there shall be
19 allowed a credit against the tax imposed by Section 1803 or Section
20 2355 of this title or that portion of the tax imposed by Section 624
21 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
22 to and placed into the General Revenue Fund, in the amount of
23 ninety-five cents (\$0.95) per ton for each ton of coal mined,
24

1 produced or extracted from thin seams in this state by such person
2 on or after July 1, 2005.

3 G. The credits provided in subsections D and E of this section
4 shall not be allowed for coal mined, produced or extracted in any
5 month in which the average price of coal is Sixty-eight Dollars
6 (\$68.00) or more per ton, excluding freight charges, as determined
7 by the Tax Commission.

8 H. The additional credits allowed pursuant to subsections B, C,
9 D and E of this section but not used shall be freely transferable
10 after January 1, 2002, but not later than December 31, 2013, by
11 written agreement to subsequent transferees at any time during the
12 five (5) years following the year of qualification; provided, the
13 additional credits allowed pursuant to the provisions of paragraph 4
14 of subsection B of this section but not used shall be freely
15 transferable after January 1, 2008, but not later than December 31,
16 2013, by written agreement to subsequent transferees at any time
17 during the five (5) years following the year of qualification. An
18 eligible transferee shall be any taxpayer subject to the tax imposed
19 by Section 1803 or Section 2355 of this title or Section 624 or 628
20 of Title 36 of the Oklahoma Statutes. The person originally allowed
21 the credit and the subsequent transferee shall jointly file a copy
22 of the written credit transfer agreement with the Tax Commission
23 within thirty (30) days of the transfer. The written agreement
24 shall contain the name, address and taxpayer identification number

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

9 I. The additional credit allowed pursuant to subsection F of
10 this section but not used shall be freely transferable on or after
11 July 1, 2006, but not later than December 31, 2013, by written
12 agreement to subsequent transferees at any time during the five (5)
13 years following the year of qualification. An eligible transferee
14 shall be any taxpayer subject to the tax imposed by Section 1803 or
15 Section 2355 of this title or Section 624 or 628 of Title 36 of the
16 Oklahoma Statutes. The person originally allowed the credit and the
17 subsequent transferee shall jointly file a copy of the written
18 credit transfer agreement with the Tax Commission within thirty (30)
19 days of the transfer. The written agreement shall contain the name,
20 address and taxpayer identification number of the parties to the
21 transfer, the amount of credit being transferred, the year the
22 credit was originally allowed to the transferring person and the tax
23 year or years for which the credit may be claimed. The Tax
24 Commission may promulgate rules to permit verification of the

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

4 J. Any person receiving tax credits pursuant to the provisions
5 of this section shall apply the credits against taxes payable or,
6 subject to the limitation that credits earned after December 31,
7 2013, shall not be transferred, shall transfer the credits as
8 provided in this section or, for credits earned on or after January
9 1, 2014, shall receive a refund pursuant to the provisions of
10 subsection L of this section. Credits shall not be used to lower
11 the price of any Oklahoma-mined coal sold that is produced by a
12 subsidiary of the person receiving a tax credit under this section
13 to other buyers of the Oklahoma-mined coal.

14 K. Except as provided by paragraph 2 of subsection L of this
15 section, 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. 1. With respect to credits allowed pursuant to the
21 provisions of subsections B, C, D, E and F of this section earned
22 prior to January 1, 2014, but not used in any tax year may be
23 carried over in order to each of the five (5) years following the
24 year of qualification.

1 2. With respect to credits allowed pursuant to the provisions
2 of subsections B, C, D, E and F of this section which are earned but
3 not used, based upon activity occurring on or after January 1, 2014,
4 the Oklahoma Tax Commission shall, at the taxpayer's election,
5 refund directly to the taxpayer eighty-five percent (85%) of the
6 face amount of such credits. The direct refund of the credits
7 pursuant to this paragraph shall be available to all taxpayers,
8 including, without limitation, pass-through entities and taxpayers
9 subject to Section 2355 of this title. The amount of any direct
10 refund of credits actually received at the eighty-five percent (85%)
11 level by the taxpayer pursuant to this paragraph shall not be
12 subject to the tax imposed by Section 2355 of this title. If the
13 pass-through entity does not file a claim for a direct refund, the
14 pass-through entity shall allocate the credit to one or more of the
15 shareholders, partners or members of the pass-through entity;
16 provided, the total of all credits refunded or allocated shall not
17 exceed the amount of the credit or refund to which the pass-through
18 entity is entitled. For the purposes of this paragraph, "pass-
19 through entity" means a corporation that for the applicable tax year
20 is treated as an S corporation under the Internal Revenue Code of
21 1986, as amended, general partnership, limited partnership, limited
22 liability partnership, trust or limited liability company that for
23 the applicable tax year is not taxed as a corporation for federal
24 income tax purposes.

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, for
4 which the credit would otherwise be allowable. The provisions of
5 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.

10 N. No credits shall be allowed pursuant to this section for the
11 purchase or production of coal on or after January 1, 2018, unless
12 this section is reauthorized by the Oklahoma Legislature after
13 evaluation by the Incentive Evaluation Commission pursuant to
14 Section 7004 of Title 62 of the Oklahoma Statutes.

15 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.22, as
16 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
17 2015, Section 2357.22), is amended to read as follows:

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

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:

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

20 2. A motor vehicle originally equipped so that the vehicle may
21 be propelled by a hydrogen fuel cell, compressed natural gas,
22 liquefied natural gas or liquefied petroleum gas but only to the
23 extent of the portion of the basis of such motor vehicle which is
24 attributable to the storage of such fuel, the delivery to the engine

1 of such motor vehicle of such fuel, and the exhaust of gases from
2 combustion of such fuel. A motor vehicle originally equipped so
3 that the vehicle may be propelled by a hydrogen fuel cell shall only
4 be eligible for tax year 2010;

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

- 7 a. directly related to the delivery of compressed natural
8 gas, liquefied natural gas or liquefied petroleum gas,
9 or hydrogen, for commercial purposes or for a fee or
10 charge, into the fuel tank of a motor vehicle
11 propelled by such fuel including compression equipment
12 and storage tanks for such fuel at the point where
13 such fuel is so delivered but only if such property is
14 not used to deliver such fuel into any other type of
15 storage tank or receptacle and such fuel is not used
16 for any purpose other than to propel a motor vehicle,
17 or
- 18 b. a metered-for-fee, public access recharging system for
19 motor vehicles propelled in whole or in part by
20 electricity. The property covered by this paragraph
21 must be new, and must not have been previously
22 installed or used to refuel vehicles powered by
23 compressed natural gas, liquefied natural gas or
24 liquefied petroleum gas, hydrogen or electricity.

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

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

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

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

15 1. After the effective date of this act, for the qualified
16 clean-burning motor vehicle fuel property defined in paragraph 1 or
17 2 of subsection B of this section, forty-five percent (45%) of the
18 cost of the qualified clean-burning motor vehicle fuel property;

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

23 3. For qualified clean-burning motor vehicle fuel property
24 defined in paragraph 4 of subsection B of this section, a per-

1 location credit of the lesser of fifty percent (50%) of the cost of
2 the qualified clean-burning motor vehicle fuel property or Two
3 Thousand Five Hundred Dollars (\$2,500.00).

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

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

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

23 H. The Oklahoma Tax Commission is herein empowered to
24 promulgate rules by which the purpose of this section shall be

1 administered, including the power to establish and enforce penalties
2 for violations thereof.

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

17 J. No credit shall be allowed pursuant to subsection A of this
18 section for investments made on or after January 1, 2018, unless
19 this section is reauthorized by the Oklahoma Legislature after
20 evaluation by the Incentive Evaluation Commission pursuant to
21 Section 7004 of Title 62 of the Oklahoma Statutes.

22 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.27, as
23 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2015,
24 Section 2357.27), is amended to read as follows:

1 Section 2357.27. A. Except as otherwise provided by ~~subsection~~
2 ~~E~~ subsections E and F of this section, for tax years beginning after
3 December 31, 1998, ~~and ending before January 1, 2017,~~ there shall be
4 allowed a credit against the tax imposed by Section 2355 of this
5 title for eligible expenses incurred by entities primarily engaged
6 in the business of providing child care services.

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

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

18 D. 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 E. 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, for
24 which the credit would otherwise be allowable. The provisions of

1 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.

6 F. No credits shall be allowed pursuant to this section for
7 eligible expenses made on or after January 1, 2018, unless this
8 section is reauthorized by the Oklahoma Legislature after evaluation
9 by the Incentive Evaluation Commission pursuant to Section 7004 of
10 Title 62 of the Oklahoma Statutes.

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

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

21 1. "Electricity generated by zero-emission facilities" means
22 electricity that is exclusively produced by any facility located in
23 this state with a rated production capacity of one megawatt (1 mw)
24 or greater, constructed for the generation of electricity and placed

1 in operation after June 4, 2001, which utilizes eligible renewable
2 resources as its fuel source. The construction and operation of
3 such facilities shall result in no pollution or emissions that are
4 or may be harmful to the environment, pursuant to a determination by
5 the Department of Environmental Quality; and

- 6 2. "Eligible renewable resources" means resources derived from:
- 7 a. wind,
 - 8 b. moving water,
 - 9 c. sun, or
 - 10 d. geothermal energy.

11 B. For facilities placed in operation on or after January 1,
12 2003, and before January 1, 2007, the amount of the credit for the
13 electricity generated on or after January 1, 2003, but prior to
14 January 1, 2004, shall be seventy-five one-hundredths of one cent
15 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
16 emission facilities. For electricity generated on or after January
17 1, 2004, but prior to January 1, 2007, the amount of the credit
18 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-
19 hour for electricity generated by zero-emission facilities. For
20 electricity generated on or after January 1, 2007, but prior to
21 January 1, 2012, the amount of the credit shall be twenty-five one-
22 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
23 generated by zero-emission facilities. ~~For~~ Except as otherwise
24 provided in subsection I of this section, for facilities placed in

1 operation on or after January 1, 2007, and before January 1, 2021,
2 the amount of the credit for the electricity generated on or after
3 January 1, 2007, shall be fifty one-hundredths of one cent (\$.0050)
4 for each kilowatt-hour of electricity generated by zero-emission
5 facilities.

6 C. Credits may be claimed with respect to electricity generated
7 on or after January 1, 2003, during a ten-year period following the
8 date that the facility is placed in operation on or after June 4,
9 2001.

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

16 2. For credits generated, but not used, on or after January 1,
17 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
18 election, directly to the taxpayer eighty-five percent (85%) of the
19 face amount of such credits. The direct refund of the credits
20 pursuant to this paragraph shall be available to all taxpayers,
21 including, without limitation, pass-through entities and taxpayers
22 subject to Section 2355 of this title, but shall not be available to
23 any entities falling within the provisions of subsection E of this
24 section. The amount of any direct refund of credits actually

1 received at the eighty-five percent (85%) level by the taxpayer
2 pursuant to this paragraph shall not be subject to the tax imposed
3 by Section 2355 of this title. If the pass-through entity does not
4 file a claim for a direct refund, the pass-through entity shall
5 allocate the credit to one or more of the shareholders, partners or
6 members of the pass-through entity; provided, the total of all
7 credits refunded or allocated shall not exceed the amount of the
8 credit or refund to which the pass-through entity is entitled. For
9 the purposes of this paragraph, "pass-through entity" means a
10 corporation that for the applicable tax year is treated as an S
11 corporation under the Internal Revenue Code of 1986, as amended,
12 general partnership, limited partnership, limited liability
13 partnership, trust or limited liability company that for the
14 applicable tax year is not taxed as a corporation for federal income
15 tax purposes.

16 E. Any nontaxable entities, including agencies of the State of
17 Oklahoma or political subdivisions thereof, shall be eligible to
18 establish a transferable tax credit in the amount provided in
19 subsection B of this section. Such tax credit shall be a property
20 right available to a state agency or political subdivision of this
21 state to transfer or sell to a taxable entity, whether individual or
22 corporate, who shall have an actual or anticipated income tax
23 liability under Section 2355 of this title. These tax credit
24 provisions are authorized as an incentive to the State of Oklahoma,

1 its agencies and political subdivisions to encourage the expenditure
2 of funds in the development, construction and utilization of
3 electricity from zero-emission facilities as defined in subsection A
4 of this section.

5 F. For credits generated prior to January 1, 2014, the amount
6 of the credit allowed, but not used, shall be freely transferable at
7 any time during the ten (10) years following the year of
8 qualification. Any person to whom or to which a tax credit is
9 transferred shall have only such rights to claim and use the credit
10 under the terms that would have applied to the entity by whom or by
11 which the tax credit was transferred. The provisions of this
12 subsection shall not limit the ability of a tax credit transferee to
13 reduce the tax liability of the transferee, regardless of the actual
14 tax liability of the tax credit transferor, for the relevant taxable
15 period. The transferor initially allowed the credit and any
16 subsequent transferees shall jointly file a copy of any written
17 transfer agreement with the Oklahoma Tax Commission within thirty
18 (30) days of the transfer. The written agreement shall contain the
19 name, address and taxpayer identification number or social security
20 number of the parties to the transfer, the amount of the credit
21 being transferred, the year the credit was originally allowed to the
22 transferor, and the tax year or years for which the credit may be
23 claimed. The Tax Commission may promulgate rules to permit
24 verification of the validity and timeliness of the tax credit

1 | claimed upon a tax return pursuant to this subsection but shall not
2 | promulgate any rules that unduly restrict or hinder the transfers of
3 | such tax credit. The tax credit allowed by this section, upon the
4 | election of the taxpayer, may be claimed as a payment of tax, a
5 | prepayment of tax or a payment of estimated tax for purposes of
6 | Section 1803 or Section 2355 of this title.

7 | G. For electricity generation produced and sold in a calendar
8 | year, the tax credit allowed by the provisions of this section, upon
9 | election of the taxpayer, shall be treated and may be claimed as a
10 | payment of tax, a prepayment of tax or a payment of estimated tax
11 | for purposes of Section 2355 of this title on or after July 1 of the
12 | following calendar year.

13 | H. No credit otherwise authorized by the provisions of this
14 | section may be claimed for any event, transaction, investment,
15 | expenditure or other act occurring on or after July 1, 2010, for
16 | which the credit would otherwise be allowable until the provisions
17 | of this subsection shall cease to be operative on July 1, 2011.
18 | Beginning July 1, 2011, the credit authorized by this section may be
19 | claimed for any event, transaction, investment, expenditure or other
20 | act occurring on or after July 1, 2010, according to the provisions
21 | of this section. Any tax credits which accrue during the period of
22 | July 1, 2010, through June 30, 2011, may not be claimed for any
23 | period prior to the taxable year beginning January 1, 2012. No
24 | credits which accrue during the period of July 1, 2010, through June

1 30, 2011, may be used to file an amended tax return for any taxable
2 year prior to the taxable year beginning January 1, 2012.

3 I. No credits shall be allowed pursuant to subsections A and B
4 of this section for generation of wind power on or after January 1,
5 2018, unless this section is reauthorized by the Oklahoma
6 Legislature after evaluation by the Incentive Evaluation Commission
7 pursuant to Section 7004 of Title 62 of the Oklahoma Statutes.

8 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.47, as
9 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
10 Section 2357.47), is amended to read as follows:

11 Section 2357.47. A. 1. Except as otherwise provided in
12 subsection D of this section, for tax years beginning after December
13 31, 2005, and ending before January 1, 2015, there shall be allowed
14 against the tax imposed by Section 2355 of this title, a credit for
15 eligible wages paid by an employer to an employee. The amount of
16 the credit shall be ten percent (10%) of the amount of the gross
17 wages paid to the employee for a period not to exceed ninety (90)
18 days but in no event shall the credit exceed Five Thousand Dollars
19 (\$5,000.00) for each employee of each taxpayer. In no event shall
20 the total credit claimed exceed Twenty-five Thousand Dollars
21 (\$25,000.00) in any one year for any taxpayer.

22 2. Except as otherwise provided by ~~subsection D~~ subsections D
23 and E of this section, for tax years beginning after December 31,
24 2005, ~~and ending before January 1, 2017,~~ there shall be allowed

1 against the tax imposed by Section 2355 of this title, a credit for
2 eligible modification expenses of an employer. The amount of the
3 credit shall be fifty percent (50%) of the amount of the funds
4 expended for eligible modification expenses or new tools or
5 equipment but in no event shall the credit exceed One Thousand
6 Dollars (\$1,000.00) for eligible modification expenses incurred for
7 any single employee. In no event shall the total credit claimed
8 exceed Ten Thousand Dollars (\$10,000.00) in any year for any
9 taxpayer.

10 3. As used in this section:

- 11 a. "employee", "employer", "maximum medical improvement",
12 "treating physician", and "wages" shall be defined as
13 in Title 85 of the Oklahoma Statutes,
- 14 b. "eligible wages" means gross wages paid by an employer
15 to an employee who is injured as a result of an injury
16 which is compensable under Title 85 of the Oklahoma
17 Statutes and which are paid beginning when the
18 employee returns to work with restricted duties as
19 provided by the employee's treating physician or an
20 independent medical examiner before the employee has
21 reached maximum medical improvement, and ending after
22 ninety (90) days or when the employee has reached
23 maximum medical improvement, and
24

1 c. "eligible modification expenses" means expenses
2 incurred by an employer to modify a workplace, tools
3 or equipment or to obtain new tools or equipment and
4 which are incurred by an employer solely to enable a
5 specific injured employee who is injured as a result
6 of an injury which is compensable under the Workers'
7 Compensation Act to return to work with restricted
8 duties as provided by the employee's treating
9 physician or an independent medical examiner before
10 the employee has reached maximum medical improvement,
11 and which workplace, tools or equipment are used
12 primarily by the injured employee.

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

15 C. The Oklahoma Tax Commission shall have the authority to
16 promulgate rules necessary to effectuate the purposes of this
17 section.

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

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

3 E. No credits shall be allowed pursuant to this section for
4 eligible modification expenses made on or after January 1, 2018,
5 unless this section is reauthorized by the Oklahoma Legislature
6 after evaluation by the Incentive Evaluation Commission pursuant to
7 Section 7004 of Title 62 of the Oklahoma Statutes.

8 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.302, as
9 amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2015,
10 Section 2357.302), is amended to read as follows:

11 Section 2357.302. A. Except as provided in ~~subsection F~~
12 subsections F and G of this section, for taxable years beginning
13 after December 31, 2008, ~~and ending before January 1, 2018,~~ a
14 qualified employer shall be allowed a credit against the tax imposed
15 pursuant to Section 2355 of this title for tuition reimbursed to a
16 qualified employee.

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

21 C. The credit authorized by subsection A of this section shall
22 be in the amount of fifty percent (50%) of the tuition reimbursed to
23 a qualified employee for the first through fourth years of
24 employment. In no event shall this credit exceed fifty percent

1 (50%) of the average annual amount paid by a qualified employee for
2 enrollment and instruction in a qualified program at a public
3 institution in Oklahoma.

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

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

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, for
12 which the credit would otherwise be allowable. The provisions of
13 this subsection shall cease to be operative on July 1, 2011.
14 Beginning July 1, 2011, 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, 2011, according to the provisions
17 of this section.

18 G. No credits shall be allowed pursuant to this section for
19 tuition reimbursed to a qualified aerospace employee on or after
20 January 1, 2018, unless this section is reauthorized by the Oklahoma
21 Legislature after evaluation by the Incentive Evaluation Commission
22 pursuant to Section 7004 of Title 62 of the Oklahoma Statutes.

1 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.303, as
2 amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2015,
3 Section 2357.303), is amended to read as follows:

4 Section 2357.303. A. Except as provided in ~~subsection F~~
5 subsections F and G of this section, for taxable years beginning
6 after December 31, 2008, ~~and ending before January 1, 2018,~~ a
7 qualified employer shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title for compensation paid to a
9 qualified employee.

10 B. The credit authorized by subsection A of this section shall
11 be in the amount of:

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

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

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

23
24

1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the qualified employer to less than zero
3 (0).

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

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, for
9 which the credit would otherwise be allowable. The provisions of
10 this subsection shall cease to be operative on July 1, 2011.

11 Beginning July 1, 2011, 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, 2011, according to the provisions
14 of this section.

15 G. No credits shall be allowed pursuant to this section for
16 compensation paid to a qualified aerospace employee on or after
17 January 1, 2018, unless this section is reauthorized by the Oklahoma
18 Legislature after evaluation by the Incentive Evaluation Commission
19 pursuant to Section 7004 of Title 62 of the Oklahoma Statutes.

20 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.304, as
21 amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp. 2015,
22 Section 2357.304), is amended to read as follows:

23 Section 2357.304. A. Except as provided in ~~subsection D~~
24 subsections D and E of this section, for taxable years beginning

1 after December 31, 2008, ~~and ending before January 1, 2018,~~ a
2 qualified employee shall be allowed a credit against the tax imposed
3 pursuant to Section 2355 of this title of up to Five Thousand
4 Dollars (\$5,000.00) per year for a period of time not to exceed five
5 (5) years.

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

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

10 D. No credit otherwise authorized by the provisions of this
11 section may be claimed for any event, transaction, investment,
12 expenditure or other act occurring on or after July 1, 2010, for
13 which the credit would otherwise be allowable. The provisions of
14 this subsection shall cease to be operative on July 1, 2011.
15 Beginning July 1, 2011, the credit authorized by this section may be
16 claimed for any event, transaction, investment, expenditure or other
17 act occurring on or after July 1, 2011, according to the provisions
18 of this section.

19 E. No credits shall be allowed pursuant to this section against
20 the tax liability of a qualified aerospace employee on or after
21 January 1, 2018, unless this section is reauthorized by the Oklahoma
22 Legislature after evaluation by the Incentive Evaluation Commission
23 pursuant to Section 7004 of Title 62 of the Oklahoma Statutes.
24

1 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.401, as
2 amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp. 2015,
3 Section 2357.401), is amended to read as follows:

4 Section 2357.401. A. Except as otherwise provided by
5 ~~subsections B and C~~ subsections B, C and F of this section, for
6 taxable years beginning January 1, 2009, ~~and ending before January~~
7 ~~1, 2017,~~ there shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title in the amount of all
9 electronic funds transfers fees paid by an individual or entity
10 pursuant to Section 2-503.1j of Title 63 of the Oklahoma Statutes.

11 B. For any fees paid by a person or entity for the taxable year
12 beginning January 1, 2009, the credit otherwise authorized by this
13 section shall not be claimed for an individual prior to January 1,
14 2011. Subject to the requirements of this subsection, an individual
15 taxpayer shall be able to claim the credit authorized by this
16 section for all fees paid during the tax year ending December 31,
17 2009, and the tax year ending December 31, 2010, on the income tax
18 return filed for the tax year ending December 31, 2010.

19 C. For any fees paid by an entity other than a natural person
20 for the taxable year beginning January 1, 2009, the credit otherwise
21 authorized by this section shall not be claimed on an income tax
22 return prior to January 1, 2011. Subject to the requirements of
23 this subsection, an entity other than a natural person shall be able
24 to claim the credit authorized by this section for all fees paid

1 during a tax year ending at any time during calendar year 2009 and
2 for all fees paid during calendar year 2010 on the income tax return
3 filed for the tax year ending not later than December 31, 2010.

4 D. The credit authorized by this section shall not be used to
5 reduce the income tax liability of the taxpayer to less than zero
6 (0).

7 E. To the extent not used in any taxable year, the credit
8 authorized by this section may be carried over, in order, to each of
9 the five (5) succeeding taxable years.

10 F. No credits shall be allowed pursuant to this section for
11 electronic funds transfer fees paid on or after January 1, 2018,
12 unless this section is reauthorized by the Oklahoma Legislature
13 after evaluation by the Incentive Evaluation Commission pursuant to
14 Section 7004 of Title 62 of the Oklahoma Statutes.

15 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2370, as
16 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015,
17 Section 2370), is amended to read as follows:

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

1 percent (6%) of the amount of the taxable income as provided in this
2 section.

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

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

17 3. Personal property which is subject to a lease agreement
18 between a bank or credit union, as lessor, and a nonbanking business
19 entity or individual, as lessee, is not exempt from personal
20 property ad valorem taxation. Provided further, that it shall be
21 the duty of the lessee of such personal property to return sworn
22 lists or schedules of their taxable property within each county to
23 the county assessor of such county as provided in Sections 2433 and
24 2434 of this title.

1 C. Any tax levied under this section shall accrue on the last
2 day of the taxable year and be payable as provided in Section 2375
3 of this title. The accrual of such tax for the first taxable year
4 to which this act applies, shall apply notwithstanding the prior
5 accrual of a tax in the same taxable year based upon the net income
6 of the next preceding taxable year; provided, however, any
7 additional deduction enuring to the benefit of the taxpayer shall be
8 deducted in accordance with the optional transitional deduction
9 procedures in Section 2354 of this title.

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

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

20 2. Expense deductions claimed in arriving at taxable income
21 under paragraph 10 of Section 2353 of this title shall be reduced by
22 an amount equal to fifty percent (50%) of excluded interest income
23 on obligations of the United States government or agencies thereof
24

1 and obligations of the State of Oklahoma or political subdivisions
2 thereof.

3 E. 1. Except as otherwise provided in ~~paragraph 2~~ paragraphs 2
4 and 3 of this subsection, ~~before January 1, 2017,~~ there shall be
5 allowed a credit against the tax levied in subsection A of this
6 section in an amount equal to the amount of taxable income received
7 by a participating financial institution as defined in Section 90.2
8 of Title 62 of the Oklahoma Statutes pursuant to a loan made under
9 the Rural Economic Development Loan Act. Such credit shall be
10 limited each year to five percent (5%) of the amount of annual
11 payroll certified by the Oklahoma Rural Economic Development Loan
12 Program Review Board pursuant to the provisions of paragraph 3 of
13 subsection B of Section 90.4 of Title 62 of the Oklahoma Statutes
14 with respect to the loan made by the participating financial
15 institution and may be claimed for any number of years necessary
16 until the amount of total credits claimed is equal to the total
17 amount of taxable income received by the participating financial
18 institution pursuant to the loan. Any credit allowed but not used
19 in a taxable year may be carried forward for a period not to exceed
20 five (5) taxable years. In no event shall a credit allowed pursuant
21 to the provisions of this subsection be transferable or refundable.

22 2. No credit otherwise authorized by the provisions of this
23 subsection may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010 for

1 which the credit would otherwise be allowable. The provisions of
2 this paragraph shall cease to be operative on July 1, 2012.

3 Beginning July 1, 2012, the credit authorized by this subsection may
4 be claimed for any event, transaction, investment, expenditure or
5 other act occurring on or after July 1, 2012, according to the
6 provisions of this subsection.

7 3. No credits shall be allowed pursuant to this section for
8 income received pursuant to a loan made under the Rural Economic
9 Development Loan Act on or after January 1, 2018, unless this
10 section is reauthorized by the Oklahoma Legislature after evaluation
11 by the Incentive Evaluation Commission pursuant to Section 7004 of
12 Title 62 of the Oklahoma Statutes.

13 SECTION 11. This act shall become effective November 1, 2016.

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