

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1603

By: Jolley, Treat and Mazzei of
the Senate

4 and

5 Sears and Casey of the
6 House

7
8
9 AS INTRODUCED

10 An Act relating to income tax credit; amending 68
11 O.S. 2011, Section 2357.46, which relates to income
12 tax credit for expenditures incurred by certain
13 contractors; limiting time period during which
14 certain credit shall be allowed; providing an
15 effective date; and declaring an emergency.

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

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

19 Section 2357.46. A. Except as otherwise provided by subsection
20 G of this section, for ~~tax years beginning after December 31, 2005,~~
21 the time period beginning on or after January 1, 2006, and ending on
22 July 1, 2016, there shall be allowed a credit against the tax
23 imposed by Section 2355 of ~~Title 68 of Oklahoma Statutes~~ this title
24 for eligible expenditures incurred by a contractor in the
construction of energy efficient residential property of two

1 thousand (2,000) square feet or less. The amount of the credit
2 shall be based upon the following:

3 1. For any eligible energy efficient residential property
4 constructed and certified as forty percent (40%) or more above the
5 International Energy Conservation Code 2003 and any supplement in
6 effect at the time of completion, the amount of the credit shall be
7 equal to the eligible expenses, not to exceed Four Thousand Dollars
8 (\$4,000.00) for the taxpayer who is the contractor; and

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

16 B. As used in this section:

17 1. "Eligible expenditure" means any:

- 18 a. energy efficient heating or cooling system,
- 19 b. insulation material or system which is specifically
20 and primarily designed to reduce the heat gain or loss
21 of a residential property when installed in or on such
22 property,
- 23 c. exterior windows, including skylights,
- 24 d. exterior doors, and

1 e. any metal roof installed on a residential property,
2 but only if such roof has appropriate pigmented
3 coatings which are specifically and primarily designed
4 to reduce the heat gain of such dwelling unit and
5 which meet Energy Star program requirements;

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

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

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

18 (1) a level of annual heating and cooling energy
19 consumption which is at least forty percent (40%)
20 below the annual level of heating and cooling
21 energy consumption of a comparable residential
22 property constructed in accordance with the
23 standards of Chapter 4 of the 2003 International
24 Energy Conservation Code, as such code is in

1 effect on ~~the effective date of this act~~ November
2 1, 2005,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-fifth of the reduced
11 annual heating and cooling energy consumption
12 levels,

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

17 (1) a level of annual heating and cooling energy
18 consumption which is between twenty percent (20%)
19 and thirty-nine percent (39%) below the annual
20 level of heating and cooling energy consumption
21 of a comparable residential property constructed
22 in accordance with the standards of Chapter 4 of
23 the 2003 International Energy Conservation Code,
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1 as such code is in effect on ~~the effective date~~
2 ~~of this act~~ November 1, 2005,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-third of the reduced
11 annual heating and cooling energy consumption
12 levels.

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

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

1 E. For credits earned on or after ~~the effective date of this~~
2 ~~act~~ July 1, 2006, the credits authorized by this section shall be
3 freely transferable to subsequent transferees.

4 F. The Oklahoma Tax Commission shall promulgate rules necessary
5 to implement this act.

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 for
9 which the credit would otherwise be allowable. The provisions of
10 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.

15 H. 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, 2016, for
18 which the credit would otherwise be allowable.

19 SECTION 2. This act shall become effective July 1, 2016.
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1 SECTION 3. It being immediately necessary for the preservation
2 of the public peace, health and safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.

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