

1 ENGROSSED SENATE  
2 BILL NO. 1603

By: Jolley, Treat and Mazzei of  
the Senate

3 and

4 Sears and Casey of the  
5 House

6  
7 An Act relating to income tax credit; amending 68  
8 O.S. 2011, Section 2357.46, which relates to income  
9 tax credit for expenditures incurred by certain  
10 contractors; limiting time period during which  
11 certain credit shall be allowed; providing an  
12 effective date; and declaring an emergency.

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

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

16 Section 2357.46. A. Except as otherwise provided by subsection  
17 G of this section, for ~~tax years beginning after December 31, 2005,~~  
18 the time period beginning on or after January 1, 2006, and ending on  
19 July 1, 2016, there shall be allowed a credit against the tax  
20 imposed by Section 2355 of ~~Title 68 of Oklahoma Statutes~~ this title  
21 for eligible expenditures incurred by a contractor in the  
22 construction of energy efficient residential property of two  
23 thousand (2,000) square feet or less. The amount of the credit  
24 shall be based upon the following:

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

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

14        B. As used in this section:

15        1. "Eligible expenditure" means any:

- 16            a. energy efficient heating or cooling system,
- 17            b. insulation material or system which is specifically  
18                and primarily designed to reduce the heat gain or loss  
19                of a residential property when installed in or on such  
20                property,
- 21            c. exterior windows, including skylights,
- 22            d. exterior doors, and
- 23            e. any metal roof installed on a residential property,  
24                but only if such roof has appropriate pigmented

1 coatings which are specifically and primarily designed  
2 to reduce the heat gain of such dwelling unit and  
3 which meet Energy Star program requirements;

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

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

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

16 (1) a level of annual heating and cooling energy  
17 consumption which is at least forty percent (40%)  
18 below the annual level of heating and cooling  
19 energy consumption of a comparable residential  
20 property constructed in accordance with the  
21 standards of Chapter 4 of the 2003 International  
22 Energy Conservation Code, as such code is in  
23 effect on ~~the effective date of this act~~ November  
24 1, 2005,

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

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

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

15 (1) a level of annual heating and cooling energy  
16 consumption which is between twenty percent (20%)  
17 and thirty-nine percent (39%) below the annual  
18 level of heating and cooling energy consumption  
19 of a comparable residential property constructed  
20 in accordance with the standards of Chapter 4 of  
21 the 2003 International Energy Conservation Code,  
22 as such code is in effect on ~~the effective date~~  
23 ~~of this act~~ November 1, 2005,  
24

- 1           (2) heating and cooling equipment efficiencies which  
2           correspond to the minimum allowed under the  
3           regulations established by the Department of  
4           Energy pursuant to the National Appliance Energy  
5           Conservation Act of 1987 and in effect at the  
6           time of construction of the property, and  
7           (3) building envelope component improvements which  
8           account for at least one-third of the reduced  
9           annual heating and cooling energy consumption  
10          levels.

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

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

21          E. For credits earned on or after ~~the effective date of this~~  
22 ~~act~~ July 1, 2006, the credits authorized by this section shall be  
23 freely transferable to subsequent transferees.  
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1 F. The Oklahoma Tax Commission shall promulgate rules necessary  
2 to implement this act.

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 for  
6 which the credit would otherwise be allowable. The provisions of  
7 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.

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

16 SECTION 2. This act shall become effective July 1, 2016.

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

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1 Passed the Senate the 16th day of May, 2016.

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3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2016.

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8 \_\_\_\_\_  
9 Presiding Officer of the House  
10 of Representatives