

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 55th Legislature (2015)

4 ENGROSSED SENATE

5 BILL NO. 81

 By: Mazzei of the Senate

 and

 Sears of the House

8
9 [income tax credits - tax credits - allowed after
10 specified date - contingent effective date]

11
12 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

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

15 Section 2357.46. A. Except as otherwise provided by subsection
16 G of this section, for tax years beginning after December 31, 2005,
17 and unless reauthorized pursuant to subsection H of this section,
18 ending not later than June 30, 2018, there shall be allowed a credit
19 against the tax imposed by Section 2355 of Title 68 of Oklahoma
20 Statutes for eligible expenditures incurred by a contractor in the
21 construction of energy efficient residential property of two
22 thousand (2,000) square feet or less. The amount of the credit
23 shall be based upon the following:
24

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,
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-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,
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, the credits authorized by this section shall be freely
23 transferable to subsequent transferees.
24

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. The credit provided pursuant to this section shall only be
13 allowed for expenditures made on or after July 1, 2018, if the
14 Oklahoma Legislature reauthorizes this section after review of the
15 report required pursuant to paragraph 14 of Section 5017 of Title 74
16 of the Oklahoma Statutes.

17 SECTION 2. This act shall not become effective as law unless
18 Senate Bill No. 72 of the 1st Session of the 55th Oklahoma
19 Legislature becomes effective as law.

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21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
22 04/09/2015 - DO PASS, As Amended.