

SHORT TITLE: Revenue and taxation and public health and safety;
creating the Oklahoma Tax Credit for Waste Reduction, Reuse or
Recycling Act; creating Pellet Stove Rebate Program; emergency.

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

SENATE BILL NO. 560

By: Rozell

AS INTRODUCED

An Act relating to revenue and taxation and public health and safety; creating the Oklahoma Tax Credit for Waste Reduction, Reuse or Recycling Equipment Act; defining terms; requiring certification; specifying contents; specifying amount of credit; providing for apportionment of certain credit in certain cases; prohibiting certain excesses; allowing carry-over; providing for restrictions; providing for applicability; creating Pellet Stove Rebate Program; specifying qualifications; providing for codification; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.40 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Tax Credit for Waste Reduction, Reuse or Recycling Equipment Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.41 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For the purposes of the Oklahoma Tax Credit for Waste Reduction, Reuse or Recycling Equipment Act:

1. "Waste reduction, reuse or recycling equipment" means machinery and equipment, other than motor vehicles, located in this state on the last day of the taxable year, designed to collect, separate, process, modify, convert or treat solid waste so that the resulting product may be used as a raw material or for productive use; and

2. "Recycling" means the systematic collection, sorting, decontaminating and returning of waste materials to commerce as commodities for use or exchange.

B. For any taxable year beginning after December 31, 1992, there shall be allowed a credit against any Oklahoma income tax liability, in an amount determined in subsection D of this section, for any taxpayer engaged in reducing, reusing or recycling solid waste material generated by that taxpayer or by others, who purchases waste reduction, reuse or recycling equipment used exclusively for the purpose of reducing, reusing or recycling solid waste.

C. To claim the benefits of this section, a taxpayer shall obtain a certification from the Commissioner of Health certifying to the Oklahoma Tax Commission that:

1. The taxpayer is engaged in reducing, reusing or recycling solid waste material, whether or not for profit;

2. The equipment purchased is waste reduction, reuse or recycling equipment; or

3. The equipment is being used in the manufacturing of products containing at least fifty percent (50%) recovered waste materials.

D. The amount of the credit allowed under subsection A of this section shall be equal to twenty percent (20%) of the cost of waste reduction, reuse or recycling equipment including the cost of installation, not to exceed Ten Thousand Dollars (\$10,000.00). The

cost of installation shall not include the cost of feasibility studies, engineering costs of a building to house the equipment and related machinery and equipment used to service the waste reduction, reuse or recycling equipment.

E. 1. In the case of a proprietorship or partnership engaged in the waste reduction, reuse or recycling of solid waste, the amount of the credit determined under this section for any taxable year shall be apportioned to each proprietor or partner in proportion to the amount of income from the entity which the proprietor or partner is required to include as gross income.

2. In the case of a Subchapter S Corporation, as allowed by the federal Internal Revenue Code, the amount of the credit determined under this section for any taxable year shall be apportioned among the persons who are shareholders of the corporation on the last day of the taxable year based on each person's percentage of ownership.

3. In the case of an estate or trust:

- a. the amount of the credit determined under this section for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each, and
- b. any beneficiary to whom any amount has been apportioned under this section shall be allowed, subject to limitations contained in this section, a credit for such amount.

F. The amount of the credit that may be used by a taxpayer for a taxable year may not exceed the amount of state income tax otherwise due. Any unused credit may be carried over for a maximum of four (4) years following the taxable year in which the credit originated.

G. A taxpayer who receives a credit pursuant to this section shall not be entitled to claim any other credit or deduction based on the purchase of the equipment.

H. This section shall apply only to waste reduction, reuse or recycling equipment that begins producing recycled products after June 1, 1993.

I. Waste tire facilities that may be eligible for compensation from the Waste Tire Recycling Fund shall not be allowed a credit under this section.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2905 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The State Board of Health shall design and implement a statewide Pellet Stove Rebate Program to begin by January 1, 1994. The program shall provide a two-hundred-dollar rebate to qualifying individuals who purchase and install an approved wood pellet burning stove for residential use. The State Board of Health shall determine the program criteria and establish rules for processing the rebates and applications. The State Board of Health shall implement the rebate program as funds become available. No state-appropriated funds shall be used to fund the rebate program.

B. To qualify for the Pellet Stove Rebate Program stoves must have a burning system that produces a high degree of heating efficiency by burning wood pellets, cubes, flour or densified wood fuel products. Such waste wood products result from thermal, chemical or mechanical processes that sufficiently alter the wood residue to be used as an energy source. The State Board of Health shall establish additional standards or criteria for stoves to qualify for the rebate program.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

44-1-0374

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