

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED SENATE CONCURRENT
RESOLUTION NO. 54

By: Price, Kerr, Muegge,
Bell, Brown, Cain,
Campbell, Capps, Cole,
Dickerson, Douglass,
Easley, Fair, Fisher,
Ford, Haney, Harrison,
Helton, Hendrick, Henry,
Herbert, Hobson, Horner,
Leftwich, Littlefield,
Long (Ed), Long (Lewis),
Maddox, Martin, Mickle,
Monson, Pierce, Roberts,
Robinson, Rozell,
Rubottom, Shedrick,
Shurden, Smith, Snyder,
Stipe, Taylor, Weedn,
Wilkerson, Williams
(Don), Williams (Penny)
and Wright of the Senate

and

Bonny, Begley, Benson,
Beutler, Davis, Ferguson,
Fields, Hiett, Kouba,
Leist, Maddux, Matlock,
O'Neal, Pope (Clay),
Reese, Rhodes, Smith
(Bill), Voskuhl, Glover,
Crocker and Langmacher of
the House

CONFERENCE COMMITTEE SUBSTITUTE

A Concurrent Resolution memorializing the United States Congress to enact laws or otherwise cause the Internal Revenue Service to provide relief for farmers regarding agricultural production deferral agreements; directing the Oklahoma Tax Commission to provide certain relief for farmers; and directing distribution.

WHEREAS, the importance of the agriculture industry to both the heritage and the economy of the State of Oklahoma cannot be overstated; and

WHEREAS, the economic health of the agriculture industry is dependent upon many factors on which government policies have minimal effect, such as precipitation (or the lack of it), soil conditions, weather patterns, market prices, insect infestation and crop yields per acre, and others on which government policies make all the difference, such as tax laws and procedures; and

WHEREAS, recent decisions by the Internal Revenue Service have required income received pursuant to agricultural production deferral agreements to be taxed in the tax year in which a crop is sold rather than in the tax year in which payment for the crop is received; and

WHEREAS, these decisions represent a fundamental change in long-standing policy of the federal government; and

WHEREAS, many of Oklahoma's farmers have relied in good faith on the past practices of the Internal Revenue Service when entering into agricultural production deferral agreements; and

WHEREAS, this sudden change in policy has caused many Oklahoma farmers to incur tax liability, as well as penalties and interest, which they could not reasonably have anticipated; and

WHEREAS, many of the Oklahoma farmers who will incur federal tax liability will also incur state income tax liability, as well as penalty and interest; and

WHEREAS, such a sudden change in tax policy is manifestly unfair with regard to any segment of the economy, and has disastrous consequences to the agriculture industry, in which virtually all operate on marginal profits at best.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE 2ND SESSION OF THE 45TH OKLAHOMA LEGISLATURE, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

THAT the Oklahoma Legislature hereby respectfully memorializes the Congress of the United States to enact laws or otherwise cause the Internal Revenue Service to provide relief including, but not limited to, waivers of penalties and interest for farmers who in good faith entered into agricultural production deferral agreements and reported income therefrom in the year in which it was received.

THAT the Oklahoma Legislature hereby respectfully directs the Oklahoma Tax Commission to provide relief including, but not limited to, waivers of penalty and interest, to Oklahoma farmers who incur state tax liability as a result of the circumstances described above.

THAT copies of this resolution be distributed to the members of the Oklahoma Congressional Delegation, President Clinton, Majority Leader Bob Dole and the Oklahoma Tax Commission.

45-2-3023

LKS