

STATE OF OKLAHOMA

1st Session of the 45th Legislature (1995)

HOUSE BILL NO. 1094

By: Weese

AS INTRODUCED

An Act relating to revenue and taxation; providing an income tax credit for investment in certain property; providing definitions; specifying property not subject to credit; prohibiting use of credit under certain circumstances; providing amount of credit; providing maximum investment amount; providing maximum amount of tax liability which may be reduced by credit; providing income tax credit limitation; providing for carryover of unused credit; providing for recapture of unused credit under certain circumstances; providing for Oklahoma Tax Commission to promulgate certain rules; providing for codification; providing an effective date; 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 2357.13 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 1994, there shall be allowed a credit against the tax imposed by Section 2355 of this title for investment in qualified tangible depreciable personal

property with a depreciable period or recovery period of three (3), five (5), seven (7) or ten (10) years, and in qualified depreciable tangible real property, including buildings and structural components, with a depreciable period of fifteen (15) years or greater, placed in service after July 1, 1995, in this state.

B. As used in this section:

1. "Qualified tangible depreciable personal property" means all classes of personal property which have a depreciable period or recovery period of three (3), five (5), seven (7) or ten (10) years, and which are depreciable under the accelerated cost recovery system pursuant to the Internal Revenue Code, 26 U.S.C., Section 168;

2. "Qualified depreciable real property" means all classes of real property with a depreciable period of fifteen (15) years or more, including but not limited to buildings and their structural components, which are depreciable under the accelerated cost recovery system pursuant to the Internal Revenue Code, 26 U.S.C., Section 168; and

3. "Depreciable period" or "recovery period" means the estimated useful life of the property pursuant to the Internal Revenue Code, 26 U.S.C., Section 168.

C. The credit shall not apply to any public utility property, any motion picture film or videotape, discs, tapes, or other similar recordings, or any property which is depreciated under the unit-of-production method or any method of depreciation not expressed in terms of years. The credit allowed under this section shall not apply if any similar credit against taxes is claimed for investments in property under the laws of this state.

D. The credit allowed by this section shall be ten percent (10%) of the investment in qualified tangible depreciable personal property and six percent (6%) of the investment in qualified depreciable real property. The credit may only be claimed for the taxable year in which the property is placed in service by the

taxpayer. Any investment eligible under this section shall be limited to One Million Five Hundred Thousand Dollars (\$1,500,000.00) each year. The total amount of income tax liability that may be reduced under this section in any year shall be limited to Twenty-five Thousand Dollars (\$25,000.00) plus eighty-five percent (85%) of any liability in excess of Twenty-five Thousand Dollars (\$25,000.00). In no event shall the credit allowed by this section exceed the amount of tax liability of the taxpayer for any given year.

E. Any credits allowed but not used in any taxable year may be carried over to each of the subsequent fifteen (15) years.

F. If any qualified tangible depreciable personal property or qualified depreciable real property is disposed of prior to the end of the depreciable or recovery period and a credit against tax has been claimed, the credit attributable to the unused depreciable or recovery period of the property shall be recaptured. In determining the amount of tax to be recaptured, the total credit claimed under this section shall be spread equally over the depreciable or recovery period unless a lesser amount has been claimed. The Oklahoma Tax Commission shall promulgate any rules necessary to implement the recapture of taxes under this subsection.

SECTION 2. This act shall become effective July 1, 1995.

SECTION 3. 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.

45-1-5324

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