

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2959

By: Pope (Clay)

AS INTRODUCED

An Act relating to revenue and taxation; authorizing credit against income tax; providing credit for certain investments by certain agricultural cooperative marketing associations; defining terms; imposing maximum amount of direct investment for which credit may be claimed; prohibiting use of credit to reduce income tax liability below certain amount; authorizing carryover of income tax credits for certain period; prescribing procedures for claiming of income tax credit; authorizing Oklahoma Tax Commission to prescribe forms; authorizing investigations required for verification of eligibility; providing for adjustments to cost of ownership interests based upon receipt of credit; authorizing reduction of credit amount based upon prior sale or other disposition of ownership interests; requiring report by Oklahoma Tax Commission to Legislature; providing exception; providing for codification; and providing an effective date.

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 2367.4A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 1996, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for direct investments by agricultural cooperative marketing associations in agricultural joint ventures created and designed to develop and advance the production, processing, handling and marketing of agricultural commodities grown, made or manufactured in Oklahoma.

B. As used in this section:

1. "Agricultural cooperative marketing association" means any corporation organized under the Oklahoma Statutes or any similar corporation organized under any general or special act of this or any other state as an agricultural cooperative marketing association, for the mutual benefit of its members, in which the return on the stock or membership capital is limited to a specified amount or percentage per annum and which during any fiscal year does not deal with nonmembers' agricultural commodities to an amount greater in value than members' agricultural commodities. Associations meeting the terms of this definition shall be deemed nonprofit, as they are not organized to make profit for themselves as such, nor for their members, as such, but only for their members as commodity producers, processors, handlers and marketers or users of agricultural commodities purchased;

2. "Direct investment" means the payment of money in an agricultural joint venture or the transfer of any form of economic value, whether tangible or intangible, other than money; and

3. "Agricultural joint venture" means a legal entity in the nature of a partnership or business undertaking agricultural transactions or agricultural commercial enterprises for mutual profit. An agricultural joint venture requires a community of

interest in the performance of the undertaking, transaction or enterprise, a right to direct and govern the policy in connection therewith and the duty, which may be altered by agreement, to share both in profit and losses.

C. The credit authorized by this section shall be allowed for the direct investment in an agricultural joint venture within this state. The credit shall be subject to a maximum amount of Two Thousand Dollars (\$2,000.00) per taxpayer for investment in any one agricultural joint venture. In no event shall the credit authorized by this section be used to reduce the liability of any taxpayer below zero (\$0.00) for any taxable year.

D. Any credits allowed but not used in any taxable year may be carried over in order to each of the four (4) years following the year in which the investment was originally made.

E. The credit authorized by this section shall be claimed upon the income tax return of the claimant. The Oklahoma Tax Commission shall have the authority to prescribe forms for purposes of claiming the credit authorized by this section. The Oklahoma Tax Commission shall be authorized to conduct such investigation of the relevant facts as may be required in order to verify the eligibility of a claimant to receive credit for any applicable income tax year.

F. For any taxable year during which a taxpayer sells or otherwise disposes of the ownership interest for which a credit has previously been allowed to the taxpayer or for which a credit will be allowed to the taxpayer for the year in which the sale or other disposition of the ownership interest is made, the taxpayer shall be required to reduce the cost of the ownership interest in the agricultural joint venture, as reported upon the applicable income tax return, by the amount of the credit which has previously been granted or for which the taxpayer is claiming credit if the credit is allowable for the year during which the sale or other disposition is made. If a taxpayer sells or otherwise disposes of an ownership

interest in the agricultural joint venture for which the credit authorized by this section may be taken in a taxable year following the year in which the ownership interest in the agricultural joint venture is sold or otherwise disposed of, the credit authorized by this section shall be reduced to account for the prior sale or other disposition.

G. The Oklahoma Tax Commission, on or before January 31 of each year, shall submit a report regarding the credit authorized by this section to the Speaker of the House of Representatives and the President Pro Tempore of the Senate of the Oklahoma Legislature. The report shall summarize the total amount of credits claimed and likely to be claimed and allowed pursuant to this section.

H. The credit authorized by this section shall not be available or taken for any calendar year during which the claimant of the credit received any incentive payments pursuant to the Oklahoma Quality Jobs Program Act or the Saving Quality Jobs Act.

SECTION 2. This act shall become effective November 1, 1996.

45-2-7896

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