

ENROLLED HOUSE  
BILL NO. 2721

By: Settle of the House

and

Robinson and Muegge of  
the Senate

An Act relating to revenue and taxation; amending Section 49, Chapter 275, O.S.L. 1993, as amended by Section 4, Chapter 342, O.S.L. 1996 (68 O.S. Supp. 1997, Section 2357.59), which relates to income tax credits; modifying carryforward period of recycling tax credit; and providing an effective date.

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

SECTION 1. AMENDATORY Section 49, Chapter 275, O.S.L. 1993, as amended by Section 4, Chapter 342, O.S.L. 1996 (68 O.S. Supp. 1997, Section 2357.59), is amended to read as follows:

Section 2357.59 A. If any person, firm, corporation, partnership or other legal entity has made application or filed an information report on forms prescribed by the Oklahoma Tax Commission to receive a credit against the tax imposed by Section 2355 of this title or Section 624 of Title 36 of the Oklahoma Statutes pursuant to the provisions of Sections 2357.23, 2357.51, 2357.52, 2357.53, 2357.54, 2357.55, 2357.56, 2357.57 or 2357.58 of this title on or before July 1, 1993, such credit may be received notwithstanding the provisions of Section 51 of Senate Bill No. 459 of the 1st Session of the 44th Oklahoma Legislature or that the other requirements for allowance of such credit are not established until after ~~the effective date of this act~~ July 1, 1993.

B. Except as provided in this section, no person, firm, corporation, partnership or other legal entity shall qualify to receive any such credit after ~~the effective date of this act~~ July 1, 1993.

C. For any person, firm, corporation, partnership or other legal entity or its successor who has filed the information report specified in subsection A of this section, for taxable years beginning after December 31, 1995, and ending on or before December 31, 2000, there shall be allowed a credit against the tax imposed by Section 2355 of this title for fifteen percent (15%) of the investment cost of a new qualified recycling facility. A person, firm, corporation, partnership or other legal entity or its successor which has withdrawn its application or information report specified in subsection A of this section shall not be eligible for such credit. For purposes of this subsection, a "qualified recycling facility" shall mean buildings, land, improvements, machinery and equipment located in Oklahoma and used in manufacturing as defined by the Standard Industrial Classification Code and at which facility is produced a qualified finished product, provided that up to ten percent (10%) of the square feet of a building may be devoted to office space used to provide clerical support for the manufacturing operation. Such ten percent (10%) may

be in a separate building as long as it is part of the same contiguous tract of property on which the manufacturing facility is located. For purposes of this subsection, a "qualified finished product" shall mean a marketable product or component thereof which has economic value to the consumer and ninety percent (90%) of which is composed of materials which have been separated, diverted or removed from the waste stream and incorporated into the finished product by any means or method.

D. The credit provided for in subsection C of this section shall be subject to the following limitations:

1. The credit shall apply to investment in a qualified recycling facility only if construction or on-site installation of the facility commences on or after January 1, 1996, and before December 31, 1999;

2. The credit shall only be available if the total cost of the new qualified recycling facility exceeds Twenty Million Dollars (\$20,000,000.00) and employs at least seventy-five new full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission;

3. The credit shall be initially allowed for the tax year in which the qualified recycling facility is placed in service; ~~provided, that.~~ However, any credit allowed but not used in any tax year due to the limitation provided in paragraph 4 of this subsection shall be carried over in order, but used only once, to each of the ~~nine (9)~~ fourteen (14) years following the year of initial allowance; and

4. The credit shall not be utilized in any tax year to reduce the income tax liability of the owner of the qualified recycling facility for such year by more than fifty percent (50%) of the tax liability calculated from the income of the qualified recycling facility. For purposes of subsections C and D of this section, the "owner" shall include the user of a qualified recycling facility under a lease with a term of five (5) years or more.

E. The Oklahoma Tax Commission may promulgate rules in order to implement the provisions of this section including requirements to submit any additional information as deemed necessary to implement and administer this credit.

SECTION 2. This act shall become effective November 1, 1998.

Passed the House of Representatives the 19th day of February,  
1998.

Speaker of the House of  
Representatives

Passed the Senate the 7th day of April, 1998.

President of the Senate