

1 THE STATE SENATE  
2 Tuesday, April 4, 2000

3 Committee Substitute for  
4 ENGROSSED  
5 House Bill No. 2035

6 COMMITTEE SUBSTITUTE FOR ENGROSSED HOUSE BILL NO. 2035 - By:  
7 BEUTLER, BONNY, MATLOCK, SEIKEL, HILLIARD, HIETT, ADIAR, BOYD,  
8 BRYANT, CLAUNCH, COLEMAN, COVEY, DANK, FERGUSON, GREENWOOD, HEFNER,  
9 LIOTTA, MADDUX, MILLER, MITCHELL, MORGAN, PIATT, POPE (CLAY), REESE,  
10 SMITH (DALE), STITES, TYLER, VAUGHN and WRIGHT of the House and  
11 WILKERSON of the Senate.

12 [ revenue and taxation - taxation of elected farm income -  
13 codification - effective date ]

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

15 SECTION 1. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 2358.4 of Title 68, unless there  
17 is created a duplication in numbering, reads as follows:

18 A. For taxable years beginning after December 31, 2000, at the  
19 election of an individual engaged in a farming business, the tax  
20 imposed by Section 2355 of Title 68 of the Oklahoma Statutes for  
21 such taxable year shall be equal to the sum of:

22 1. A tax computed under such section on taxable income reduced  
23 by elected farm income; and

24 2. The increase in tax imposed by Section 2355 of Title 68 of  
25 the Oklahoma Statutes which would result if taxable income for each

1 of the three (3) prior taxable years were increased by an amount  
2 equal to one-third (1/3) of the elected farm income.

3 Any adjustment under this section for any taxable year shall be  
4 taken into account in applying this section for any subsequent  
5 taxable year.

6 B. As used in this section:

7 1. "Elected farm income" means so much of the taxable income  
8 for the taxable year which is attributable to any farming business,  
9 and which is specified in the election under subsection A of this  
10 section. For purposes of this paragraph, a gain from the sale or  
11 other disposition of property, other than land, regularly used by  
12 the taxpayer in such a farming business for a substantial period  
13 shall be treated as attributable to such a farming business;

14 2. "Individual" shall not mean or include any estate or trust;  
15 and

16 3. "Farming business" shall have the same meaning as the term  
17 is defined in the Internal Revenue Code, 26 U.S.C., Section  
18 263A(e) (4).

19 C. The Oklahoma Tax Commission shall promulgate any necessary  
20 rules to implement the provisions of this section.

21 SECTION 2. This act shall become effective January 1, 2001.

22 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 3-28-00 - DO PASS,  
23 As Amended.