

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1674

By: Newport

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; providing income tax credit for new corporations; setting forth amount of credit; limiting the amount of the credit; authorizing carryover of unused credit; requiring Oklahoma Tax Commission to prescribe forms; 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 2357.90 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2001, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for a corporation organized on or after January 1, 2002, pursuant to the laws of this state and lawfully doing business within the state. The credit may be claimed for a period of five (5) taxable years after the date upon which the corporation is organized to do business. For calendar year 2003, the amount of the credit shall be one hundred percent (100%) of the income derived from the principal business activity conducted by the corporation within the state.

For calendar year 2004 and all subsequent years, the credit percentage, not to exceed one hundred percent (100%), shall be adjusted annually so that the total estimate of credits does not exceed Five Million Dollars (\$5,000,000.00) annually. The formula to be used for the percentage adjustment shall be one hundred

percent (100%) times Five Million Dollars (\$5,000,000.00) divided by the credits claimed in the preceding year. In no event shall the credit be claimed more than once by a taxpayer each taxable year.

In the event the total tax credits authorized by this section exceed Five Million Dollars (\$5,000,000.00) in any calendar year, the Oklahoma Tax Commission shall permit any excess over Five Million Dollars (\$5,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years.

B. If the credit allowed pursuant to this section exceeds the amount of state income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of credit allowed but not used in any taxable year may be carried forward as a credit against subsequent income tax liability for a period not exceeding five (5) years following the year in which the income was derived.

C. 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 an investigation of the relevant facts as may be required in order to verify the eligibility of a claimant to receive a credit for any applicable income tax year.

SECTION 2. This act shall become effective January 1, 2002.

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