

(1ST EXTRAORDINARY SESSION)  
ENGROSSED HOUSE  
BILL NO. 1016

By: Roach and Benge of the  
House

and

Riley of the Senate

( revenue and taxation - income tax credit -  
electric power consumption or natural gas  
purchases - codification -  
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 2357.201 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Baseline price for electric power" means the average hourly  
rate per kilowatt hour charged by a public service corporation to a  
qualified industrial consumer for the period of January 1, 2000,  
through June 30, 2000;

2. "Baseline price for natural gas" means the average price per  
one thousand (1,000) cubic feet (MCF) as established by data  
published by the Energy Information Administration of the United  
States Department of Energy for the period January 1, 2000, through  
June 30, 2000, which for purposes of this act shall be Four Dollars  
and one cent (\$4.01) per MCF;

3. "Facility" means real property and personal property affixed  
to real property used in the manufacturing process;

4. "Public service corporation" means an entity subject to the jurisdiction of the Oklahoma Corporation Commission and engaged in the sale of electric power to industrial consumers; and

5. "Qualified industrial consumer" means a business engaged in an activity described by any Major Group Number 20 through 39, inclusive, of Division D of the Standard Industrial Classification Manual (SIC) and which uses electric power or natural gas in its manufacturing process and which was actively engaged in the manufacturing process prior to January 1, 2001, at a facility located in the state.

B. For taxable years beginning after December 31, 2001, there shall be allowed as a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for electric power sold to a qualified industrial consumer at the baseline price as defined by paragraph 1 of subsection A of this section or for natural gas sold to a qualified industrial consumer at the baseline price for natural gas as defined by paragraph 2 of subsection A of this section.

C. The credit authorized by subsection B of this section for electric power may only be claimed by a public service corporation engaged in the business of selling electric power to one or more qualified industrial consumers. The amount of the credit shall be equal to:

1. The difference between the baseline price charged by a public service corporation for electric power sold to a qualified industrial consumer and the price per kilowatt hour charged by a public service corporation to purchasers other than qualified industrial consumers subject to a maximum of one and five-tenths (1.5) of the baseline price; and

2. Multiplied by the total number of kilowatt hours sold to qualified industrial consumers at the baseline price.

D. The credit authorized by subsection B of this section for natural gas may only be claimed by a public service corporation engaged in the business of selling natural gas to one or more qualified industrial consumers. The amount of the credit shall be equal to:

1. The difference between the baseline price for natural gas charged by a public service corporation for natural gas sold to a qualified industrial consumer and the price per MCF charged by a public service corporation to purchasers other than qualified industrial consumers subject to a maximum of one and five-tenths (1.5) of the baseline price; and

2. Multiplied by the total number of MCF of natural gas sold to qualified industrial consumers at the baseline price for natural gas.

E. In order to claim the credit authorized by subsection C of this section for electric power sold on or after the effective date of this act, the public service corporation shall only charge a qualified industrial consumer the baseline price for electric power consumed by the qualified industrial consumer on and after the effective date of this act. No credit may be claimed for any electric power consumed by a qualified industrial consumer if the price per kilowatt hour for such electric power is in excess of the baseline price. The credit authorized by this section shall not be available for any electric power sold at less than the baseline price or for any period of time during which electric power is sold by the tax credit claimant to purchasers other than qualified industrial consumers if the price for such power does not exceed the baseline price.

F. In order to claim the credit authorized by subsection D of this section for natural gas sold on or after the effective date of this act, the public service corporation shall only charge a qualified industrial consumer the baseline price for natural gas

purchased by the qualified industrial consumer on and after the effective date of this act. No credit may be claimed for any natural gas purchased by a qualified industrial consumer if the price per MCF for such natural gas is in excess of the baseline price. The credit authorized by this section shall not be available for any natural gas sold at less than the baseline price for natural gas or for any period of time during which natural gas is sold by the tax credit claimant to purchasers other than qualified industrial consumers if the price for such natural gas does not exceed the baseline price.

G. The credit authorized by this section may be used in the payment of any estimated tax liabilities of the tax credit claimant.

H. The credit authorized by this section may not be used to reduce the income tax liability of the tax credit claimant to less than zero (0), but to the extent not used may be carried over, in order, to each of the ten (10) succeeding taxable years.

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

Passed the House of Representatives the 4th day of October, 2001.

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Presiding Officer of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2001.

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Presiding Officer of the Senate