

ENGROSSED HOUSE
BILL NO. 1674

By: Newport of the House
and
Fisher of the Senate

(revenue and taxation - income tax credit for new
corporations - carryover of unused credit -
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 2357.90 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 initially
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 2002 and all subsequent years, the amount of
the credit shall not exceed one hundred percent (100%) of the income
tax liability of the corporation and the total estimate of credits
granted does not exceed Five Million Dollars (\$5,000,000.00)
annually. The credit percentage 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. For purposes of this section, the term "corporation initially organized on or after January 1, 2002," means a corporation that is organized for the first time in this state and is not the result of a reorganization or merger of a corporation existing in this state on or before December 31, 2001.

C. 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.

D. 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. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2355.2 of Title 68, unless there is created a duplication in numbering, reads as follows:

For tax years beginning after December 31, 2001, there shall be allowed to a resident individual or a part-year resident individual as a credit against the tax imposed by Section 2355 of this title

ten percent (10%) of the earned income tax credit allowed under Section 32 of the Internal Revenue Code of the United States, 26 U.S.C., Section 32. If the credit exceeds the tax imposed by Section 2355 of this title, the excess amount shall be refunded to the taxpayer. The maximum earned income tax credit allowable on the Oklahoma income tax return shall be prorated on the ratio that Oklahoma adjusted gross income bears to the federal adjusted gross income.

SECTION 3. This act shall become effective January 1, 2002.

Passed the House of Representatives the 14th day of March, 2001.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2001.

Presiding Officer of the Senate