

ENGROSSED HOUSE
BILL NO. 2293

By: Deutschendorf, Adair,
Braddock, Brannon, Covey,
Ellis, Gilbert, McCarter,
Pope, Roan, Smithson,
Sweeden, Toure, Turner and
Walker of the House

and

Price of the Senate

(revenue and taxation - income tax credits -
certification process -
codification)

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 2357.46 of Title 68, unless
there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2003, there
shall be allowed a credit against the tax imposed pursuant to
Section 2355 of Title 68 of the Oklahoma Statutes or against the tax
imposed pursuant to Section 624 or 628 of Title 36 of the Oklahoma
Statutes for tax credits originally issued to a qualified housing
component manufacturing facility located in Oklahoma. The credit
may be used in the payment of estimated tax payments for the tax
imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes.

B. The amount of the credit shall be freely transferable to
subsequent Oklahoma transferees.

C. The total amount of credits authorized to be claimed
pursuant to this section shall not exceed Two Million Seven Hundred
Thousand Dollars (\$2,700,000.00). Credits in the amount of Two
Million Seven Hundred Thousand Dollars (\$2,700,000.00) shall be

issued directly to a qualified housing component manufacturing facility upon certification by the Oklahoma Tax Commission that the applicant for such credits is a qualified initial recipient.

D. As used in this section:

1. "Qualified housing component manufacturing facility" means real property and related personal property used exclusively for the manufacture of components or systems to be incorporated into the structure of single-family residential dwellings, including, but not limited to wooden house frame components or sections, plumbing assemblies, electrical wiring systems, roof assemblies or subassemblies or such other assemblies, components or systems that are designed to be mass-produced by the facility to achieve cost efficiencies for builders of single-family residences. As used in this paragraph, qualified housing component manufacturing facility does not mean a facility engaged in production of materials, assemblies or subassemblies for use in the construction of multifamily housing units or a facility engaged in the production of manufactured homes as defined by 42 U.S.C., Section 5401 et seq., and rules promulgated thereto; and

2. "Qualified initial recipient" means a person, firm, partnership, corporation, limited liability company or other legal entity organized pursuant to the laws of the State of Oklahoma that has as its principal business purpose and activity the manufacture of components, assemblies, structures or systems for the incorporation in the final structure consisting of a single-family residential dwelling and which owns real property in the state to be used for the manufacture of such components, assemblies, structures or systems.

E. For purposes of this section, the qualified housing component manufacturing facility may receive the tax credits authorized by subsection A of this section prior to the date as of which actual manufacturing activity at a qualified facility begins.

In order for the Oklahoma Tax Commission to issue credits to a qualified initial recipient, the applicant shall be required to demonstrate that it is a legally recognized business entity authorized to do business in the state and that its principal business purpose meets the requirements of paragraph 1 of subsection D of this section.

F. If the entity to which the credits authorized by this section does not construct a housing component manufacturing facility within three (3) years of the date as of which the credits are issued, the entity shall become liable to the Oklahoma Tax Commission for the full amount of credits actually issued and interest computed on the principal amount of credits so issued as if the amount of tax credits issued were a final assessment of tax pursuant to Section 221 of Title 68 of the Oklahoma Statutes and interest shall accrue on such principal amount as provided by Section 217 of Title 68 of the Oklahoma Statutes until the liability is paid.

G. The credits authorized by this section shall not be sold for less than eighty percent (80%) of their face or par value.

H. The credits authorized by this section shall not be claimed against any income tax or insurance premium tax liability prior to July 1, 2004.

I. The Oklahoma Tax Commission shall:

1. Certify, upon request of an authorized agent or representative of a qualified initial recipient that the qualified initial recipient is authorized to receive the tax credits and transfer such credits to a subsequent purchaser. The certification shall be in writing and signed by an authorized representative of the Tax Commission and, for purposes of determining qualifications of an establishment which may be eligible for the credit authorized by this section, shall be binding upon the Tax Commission; and

2. Issue a certificate to tax credit transferees that provides adequate documentation of qualification for the credit authorized by this section even if the credit may not be claimed until after the date upon which the certificate is requested. Upon issuance, the certificate shall be evidence that a transferee of the qualified initial recipient submitting the certificate, or a certified copy thereof, with the relevant tax return or other form, has the legal right to exercise the credit in order to reduce the relevant tax liability for the period authorized by this section.

Passed the House of Representatives the 2nd day of March, 2004.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2004.

Presiding Officer of the Senate