

**EHB 2293**

**THE STATE SENATE**  
**Monday, April 5, 2004**

**ENGROSSED**

**House Bill No. 2293**

**As Amended**

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, FAIR and GUMM of the Senate.

[ revenue and taxation - income tax credits - certification process - codification ]

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.

1 C. The total amount of credits authorized to be claimed  
2 pursuant to this section shall not exceed Two Million Seven Hundred  
3 Thousand Dollars (\$2,700,000.00). Credits in the amount of Two  
4 Million Seven Hundred Thousand Dollars (\$2,700,000.00) shall be  
5 issued directly to a qualified housing component manufacturing  
6 facility upon certification by the Oklahoma Tax Commission that the  
7 applicant for such credits is a qualified initial recipient.

8 D. As used in this section:

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

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

10           E. For purposes of this section, the qualified housing  
11 component manufacturing facility may receive the tax credits  
12 authorized by subsection A of this section prior to the date as of  
13 which actual manufacturing activity at a qualified facility begins.  
14 In order for the Oklahoma Tax Commission to issue credits to a  
15 qualified initial recipient, the applicant shall be required to  
16 demonstrate that it is a legally recognized business entity  
17 authorized to do business in the state and that its principal  
18 business purpose meets the requirements of paragraph 1 of subsection  
19 D of this section.

20           F. If the entity to which the credits authorized by this  
21 section does not construct a housing component manufacturing  
22 facility within three (3) years of the date as of which the credits  
23 are issued, the entity shall become liable to the Oklahoma Tax

1 Commission for the full amount of credits actually issued and  
2 interest computed on the principal amount of credits so issued as if  
3 the amount of tax credits issued were a final assessment of tax  
4 pursuant to Section 221 of Title 68 of the Oklahoma Statutes and  
5 interest shall accrue on such principal amount as provided by  
6 Section 217 of Title 68 of the Oklahoma Statutes until the liability  
7 is paid.

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

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

13 I. The Oklahoma Tax Commission shall:

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

22 2. Issue a certificate to tax credit transferees that provides  
23 adequate documentation of qualification for the credit authorized by

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

8 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 3-30-04 - DO PASS,  
9 As Amended and Coauthored.