STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

HOUSE BILL HB2585: Roggow

AS INTRODUCED

An Act relating to revenue and taxation; authorizing income tax credit for payment of certain fees associated with lending programs of the United States Farm Service Agency; prescribing amount of credit; prescribing limitations upon use of credit; requiring administrative rules; authorizing carryover; authorizing credit against certain tax imposed in lieu of income tax for financial institutions; prescribing amount of credit; imposing restrictions on use of credit; specifying date; requiring report; 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 2357.30A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2004, every farmer residing in or having a farm operation located in the state shall be entitled to claim as a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, subject to the limitations provided by subsection C of this section, any amount paid to the United States Farm Service Agency as a guaranty fee pursuant to the obtaining of financing guaranteed by the Farm Service Agency.

B. The credit authorized by this section shall only be claimed against the tax liability resulting from income generated by the farmer. If an income tax return upon which this credit is claimed includes taxable income from sources other than the operation of the farm for which the credit was extended by the Farm Service Agency,

the credit shall only be allowed to be claimed upon a percentage of the income tax liability which does not exceed the percentage of income generated by the farming operation as compared to the total Oklahoma adjusted gross income shown on the return. The Oklahoma Tax Commission shall promulgate rules and prescribe forms to implement the provisions of this section.

C. If the credit authorized by this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer as computed pursuant to the provisions of subsection B of this section, the amount of the credit not used may be carried forward as a credit against subsequent income tax liability for a period not to exceed five (5) years. The credit shall be claimable only by the farmer who is the primary obligor in the financing transaction and who actually paid the guaranty fee.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2370.3 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There shall be allowed a credit against the tax imposed by Section 2370 of Title 68 of the Oklahoma Statutes for any state banking association, national banking association and credit union organized under the laws of this state for the amount of the guaranty fee paid by the banking association or credit union to the United States Farm Service Agency pursuant to the requirements imposed by federal law for the payment of fees by such financial institutions as a result of the extension of credit or guaranty of debt by the Farm Service Agency.

B. The credit authorized by this section may be claimed for guaranty fees paid on or after January 1, 2005.

C. No credit may be claimed pursuant to this section if, pursuant to the agreement between the banking association or credit union and the entity to which proceeds are made available, the banking association or credit union adds the amount of the Farm

Service Agency loan guaranty fee to the amount financed by the borrower or in any other way recovers the guaranty fee amount from the borrower.

D. The credit authorized by this section may be claimed and if not fully used in the initial year for which the credit is claimed may be carried over, in order, to each of the five (5) succeeding taxable years. The credit authorized by this section may not be used to reduce the tax liability of the credit claimant below zero (0).

E. The Oklahoma Tax Commission shall prepare a report regarding the amount of tax credits claimed as authorized by this section. The report shall be submitted to the Speaker of the House of Representatives and to the President Pro Tempore of the Senate not later than March 31 of each year.

SECTION 3. This act shall become effective January 1, 2005.

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