

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 2817

By: Shoemake

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; defining terms; authorizing income tax credit for payment of certain motor fuel taxes by qualified individual Oklahoma agricultural producers; prohibiting use of credit to reduce tax liability to less than certain amount; authorizing carryover; requiring documentation of motor fuel tax expenses eligible for credit; 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 2357.204 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Engaged in the business", with respect to a qualified individual Oklahoma agricultural producer, means a natural person who is a resident of the state, or business entity controlled by such person, who derives at least fifty-one percent (51%) of his or her income from the production and sale of one or more lawful growing crops or from the rearing and sale of one or more species of livestock;

2. "Qualified individual Oklahoma agricultural producer" means a natural person who is a resident of the state, or a business entity controlled by such person, if the person or the business entity possesses an agricultural exemption permit issued by the Oklahoma Tax Commission and such person is engaged in the business of production and sale of any lawful growing crop such as wheat,

barley, rye, cotton or other recognized crop or engaged in the business of raising cattle, horses, sheep, goats, chickens or other livestock; and

3. "Qualifying use" means the consumption of gasoline or diesel fuel in a motor vehicle used on the roads or streets within Oklahoma if the consumption of the motor fuel is directly related to the production of crops or the raising of livestock by a qualified individual Oklahoma agricultural producer, including consumption of such motor fuels subject to the levy of motor fuel taxes for purposes of acquiring feed, fertilizer, pesticides, medicine, medical treatment for livestock, equipment or other items of personal property or services necessary for the production and sale of a lawful growing crop or for the rearing and sale of livestock.

B. For taxable years beginning after December 31, 2006, there shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes equal to one hundred percent (100%) of the motor fuel excise taxes levied pursuant to Section 500.4 of Title 68 of the Oklahoma Statutes for the qualifying use of gasoline or diesel fuel by a qualified individual Oklahoma agricultural producer.

C. The credit authorized by this section may not be used to reduce the income tax liability of the taxpayer to less than zero (0).

D. Any credit claimed but not used in any taxable year may be carried over, in order, to the next succeeding ten (10) taxable years.

E. A taxpayer claiming the credit authorized by this section shall be required to provide receipts or other documentation as required by the Tax Commission to establish the amount of motor fuel tax paid by the taxpayer upon gasoline or diesel fuel consumed for a qualifying use. No credit otherwise authorized by the provisions of this section shall be authorized for mileage attributable

exclusively to personal use of a motor vehicle unrelated to a qualifying use.

SECTION 2. This act shall become effective January 1, 2007.

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