

ENGROSSED HOUSE
BILL NO. 2922

By: Terrill, Nance, Dank,
Worthen, Duncan, DePue,
Winchester and Liotta of
the House

and

Gumm of the Senate

(revenue and taxation - amending 68 O.S., Section 1205 -
minimum franchise tax liabilities - Task Force -
Corporate Income Tax Reform - staff assistance -
report - codification - effective date -
emergency)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2001, Section 1205, as amended by Section 1, Chapter 388, O.S.L. 2005 (68 O.S. Supp. 2005, Section 1205), is amended to read as follows:

Section 1205. A. In determining the amount of tax to be levied, assessed and collected under the terms of this Article, the maximum amount shall not exceed Twenty Thousand Dollars (\$20,000.00).

B. If, as a result of the computation of tax required by Section 1209 of this title, the resulting liability is ~~Ten Dollars~~ ~~(\$10.00)~~ Two Hundred Fifty Dollars (\$250.00) or less, the corporation or other entity shall be exempt from the tax levied by Section 1203 or Section 1204 of this title for such reporting period.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2350.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Advisory Task Force on Oklahoma Corporate Income Tax Reform.

B. The Task Force shall be composed of the following persons:

1. Two persons to be appointed by the Governor;

2. Two persons to be appointed by the Speaker of the Oklahoma House of Representatives;

3. Two persons to be appointed by the President Pro Tempore of the Oklahoma State Senate;

4. One member to be selected from among their membership, of the Oklahoma Tax Commission;

5. One member to be selected by the Oklahoma Society of Certified Public Accountants;

6. One member to be selected by the Oklahoma Bar Association from the membership of the Taxation Section of the Association;

7. One member who shall be the Executive Director of the Oklahoma Department of Commerce or a designee; and

8. One member to be selected by the State Chamber.

C. The Task Force shall select from among its membership a chair and vice-chair.

D. The Task Force shall conduct an initial organization meeting not later than August 31, 2006. The Task Force shall be authorized to meet as often as necessary in order to perform the duties imposed upon it pursuant to law.

E. For purposes of any action taken by the Task Force, a quorum shall consist of a majority of those members in attendance.

F. The Task Force shall be subject to the Oklahoma Open Meeting Act and the Oklahoma Open Records Act.

G. Staff assistance for the Task Force shall be provided by the Oklahoma House of Representatives, the Oklahoma State Senate and the Oklahoma Tax Commission.

H. Travel reimbursement for the members of the Task Force shall be the responsibility of the appointing authority. Legislative members of the Task Force shall be reimbursed pursuant to the provisions of Section 456 of Title 74 of the Oklahoma Statutes.

I. The Task Force shall conduct a thorough study of the statutes, administrative rules and other legal resources governing and interpreting the corporate income tax and the corporate franchise tax. The Task Force shall develop a recommendation, including draft legislation, for the creation of a separate corporate income tax code for the State of Oklahoma to be distinct from the income tax laws governing the income tax liabilities and reporting responsibilities of individual persons. The Task Force shall develop recommendations with the objective of eliminating the franchise tax imposed pursuant to Section 1201 et seq. of Title 68 of the Oklahoma Statutes with consideration given to the revenue loss attributable to the elimination of such taxes and whether a revised corporate income tax structure ought to be designed to compensate for part or all of such revenue losses. The Task Force shall take into consideration the importance of making Oklahoma competitive with surrounding and regional states with respect to the elimination of a separate corporate franchise tax and the possibility of modifying the corporate income tax structure to eliminate competitive disadvantages with the tax structures of other states.

J. The Task Force shall make specific recommendations in the form of a final report to be submitted to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate not later than December 31, 2007. The final report shall include either specific recommendations for amendments to the

Oklahoma Income Tax Code to implement the recommendations or may contain, as an appendix, draft legislation which reflects the recommendations made in the final report.

K. The Task Force shall cease to have any authority or to take any action as of June 30, 2008.

SECTION 3. This act shall become effective July 1, 2006.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 16th day of February, 2006.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2006.

Presiding Officer of the Senate