

**EHB 1014**

**THE STATE SENATE**  
**Monday, April 11, 2005**

**ENGROSSED**

**House Bill No. 1014**

**As Amended**

ENGROSSED HOUSE BILL NO. 1014 - By: AUFFET, LIOTTA, KIESEL and STAGGS of the House and WILSON and RABON of the Senate.

[ revenue and taxation - amending 68 O.S., Section 2357.100 - tax credits - poultry litter - effective date ]

SECTION 1. AMENDATORY Section 1, Chapter 510, O.S.L. 2004 (68 O.S. Supp. 2004, Section 2357.100), is amended to read as follows:

Section 2357.100 A. For taxable years beginning after December 31, 2004, and ending on or before December 31, ~~2005~~ 2008, there shall be allowed a credit against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for the purchase and transportation of poultry litter. Subject to the limitations provided in subsection B of this section, the credit shall be available to the purchaser of the poultry litter and shall equal Five Dollars (\$5.00) per ton purchased and transported.

B. 1. The total of the credits authorized by this section shall not exceed Three Hundred Seventy-five Thousand Dollars (\$375,000.00) annually. The amount of the credit for each purchaser shall be adjusted annually so that the total estimate of the credits

1 authorized by this section does not exceed Three Hundred Seventy-  
2 five Thousand Dollars (\$375,000.00). The formula to be used for the  
3 percentage adjustment shall be Three Hundred Seventy-five Thousand  
4 Dollars (\$375,000.00) divided by the credits claimed in the  
5 preceding year. In no event shall the credit be claimed more than  
6 once by a taxpayer each taxable year.

7 2. In the event the total tax credits authorized by this  
8 section exceed Three Hundred Seventy-five Thousand Dollars  
9 (\$375,000.00) in any calendar year, the Oklahoma Tax Commission  
10 shall permit any excess over Three Hundred Seventy-five Thousand  
11 Dollars (\$375,000.00) but shall factor such excess into the  
12 percentage adjustment formula for subsequent years.

13 C. In order to qualify for the credit provided for in  
14 subsection A of this section:

15 1. The poultry litter shall only be purchased from an Oklahoma-  
16 based poultry operation registered with the State Board of  
17 Agriculture and located within an environmentally sensitive and  
18 nutrient-limited watershed area as defined in the most recent  
19 Oklahoma Water Quality Standards;

20 2. The poultry litter shall be used or spread in a watershed  
21 that is not environmentally sensitive and nutrient-limited as  
22 defined in the most recent Oklahoma Water Quality Standards; and

1           3. The poultry litter shall be applied by a certified poultry  
2 waste applicator as defined by Section 10-9.1 of Title 2 of the  
3 Oklahoma Statutes and in accordance with the provisions of Sections  
4 10-9.16 through 10-9.21 of Title 2 of the Oklahoma Statutes and any  
5 rules promulgated by the Oklahoma Department of Agriculture, Food,  
6 and Forestry.

7           D. The credit allowed by this section shall be available to the  
8 taxpayer in the year in which the poultry litter was purchased and  
9 transported, provided the taxpayer is found by the Oklahoma  
10 Department of Agriculture, Food, and Forestry to have applied the  
11 poultry litter in a manner consistent with an Animal Waste  
12 Management Plan, as defined in Section 10-9.1 of Title 2 of the  
13 Oklahoma Statutes, specifically designed to restore and protect  
14 beneficial uses from impairment from nutrients. If the credit  
15 exceeds the amount of income taxes due or if there are no state  
16 income taxes due on the income of the taxpayer, the amount of the  
17 credit not used as an offset against the income taxes for a year may  
18 be carried forward as a credit against subsequent income tax  
19 liability for a period not to exceed five (5) years.

20           SECTION 2.           NEW LAW           A new section of law to be codified  
21 in the Oklahoma Statutes as Section 2357.101 of Title 68, unless  
22 there is created a duplication in numbering, reads as follows:

1       A. For taxable years beginning after December 31, 2005, there  
2 shall be allowed a credit against the tax imposed by Section 2355 of  
3 Title 68 of the Oklahoma Statutes for the cost of the purchase of a  
4 dry fire hydrant or the cost to provide an acceptable means of water  
5 storage for such dry fire hydrant including a pond, tank, or other  
6 storage facility with the primary purpose of fire protection within  
7 the State of Oklahoma. The credit shall be equal to fifty percent  
8 (50%) of the purchase price of the dry fire hydrant or the actual  
9 expenditure for any new water storage construction, equipment,  
10 development and installation of the dry hydrant, including pipes,  
11 valves, hydrants, and labor for each installation of a dry hydrant  
12 or new water storage facility but in no event shall the amount of  
13 the credit exceed Five Thousand Dollars (\$5,000.00) for each  
14 taxpayer.

15       B. In order to qualify for the tax credit provided for in  
16 subsection A of this section, the dry fire hydrant or new water  
17 storage facility must meet the following minimum requirements:

18       1. Each body of water or water storage structure must be able  
19 to provide two hundred fifty (250) gallons per minute for a  
20 continuous two-hour period during a fifty-year drought or freeze at  
21 a vertical lift of eighteen (18) feet;

1           2. Each dry fire hydrant must be located within twenty-five  
2 (25) feet of an all-weather roadway and must be accessible to fire  
3 protection equipment; and

4           3. Dry fire hydrants shall be located a reasonable distance  
5 from other dry or pressurized hydrants.

6           C. In no event shall the amount of the credit exceed the amount  
7 of any tax liability of the taxpayer.

8           D. Any credits allowed but not used in any tax year may be  
9 carried over, in order, to each of the four (4) years following the  
10 year of qualification.

11          E. The Oklahoma Tax Commission and the State Fire Marshal  
12 Commission shall promulgate rules to establish the requirements for  
13 the construction of a dry fire hydrant or new water storage facility  
14 and permit verification of eligibility of a dry fire hydrant or new  
15 water storage facility for the credit provided for in subsection A  
16 of this section.

17          F. As used in this section, "dry fire hydrant" means  
18 nonpressurized pipes permanently installed in lakes, farm ponds, and  
19 streams that provide a ready means of drawing water.

20          SECTION 3.        NEW LAW        A new section of law to be codified  
21 in the Oklahoma Statutes as Section 2357.201 of Title 68, unless  
22 there is created a duplication in numbering, reads as follows:

23          A. As used in this section:

1        1. "Nonqualified operating expenditures" means labor costs,  
2 salary and other compensation, whether direct or indirect, paid to  
3 directors, officers, limited liability company members, limited  
4 liability company managers, partners or other principals or  
5 employees of the business entity;

6        2. "Qualified direct costs" means expenditures, other than  
7 nonqualified operating expenditures, to construct dog kennels,  
8 fences, pens, training areas for canines, structures for office  
9 space or other improvements to real property necessary for the  
10 proper training of a specially trained canine, including the cost of  
11 food, water, veterinary expenses and other costs directly related to  
12 the operation of the training facility; and

13        3. "Specially trained canines" means dogs that are raised by a  
14 person who is officially licensed as a dog breeder by the United  
15 States Department of Agriculture.

16        B. For taxable years beginning after December 31, 2005, there  
17 shall be allowed a credit against the tax imposed pursuant to  
18 Section 2355 of Title 68 of the Oklahoma Statutes in the amount of  
19 fifty percent (50%) of the qualified direct costs associated with  
20 the operation of a business enterprise the principal purpose of  
21 which is the rearing of specially trained canines.

22        C. The provisions of this section shall not be applicable to  
23 nonqualified operating expenditures.

1       D. The credit authorized by this section shall not be used to  
2 reduce the tax liability of the taxpayer to less than zero (0). Any  
3 credits authorized by this section claimed for a taxable year which  
4 are unable to be used may be carried over, in order, to each of the  
5 five (5) subsequent taxable years.

6       E. The Oklahoma Tax Commission shall be authorized to prescribe  
7 such forms as may be necessary in order to administer the tax credit  
8 authorized by this section. The Tax Commission may request such  
9 additional documentation as may be required from the taxpayer in  
10 order to verify the eligibility for the credit authorized by this  
11 section.

12       SECTION 4. This act shall become effective November 1, 2005.

13       COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 4-5-05 - DO PASS,  
14       As Amended and Coauthored.