

EHB 1612

THE STATE SENATE
Wednesday, April 13, 2005

ENGROSSED

House Bill No. 1612

As Amended

ENGROSSED HOUSE BILL NO. 1612 - By: ROGGOW and DORMAN of the House and ANDERSON of the Senate.

[revenue and taxation - Farm Service Agency - Department of Agriculture - credit - codification - effective date]

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, 2005, 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

1 farm for which the credit was extended by the Farm Service Agency,
2 the credit shall only be allowed to be claimed upon a percentage of
3 the income tax liability which does not exceed the percentage of
4 income generated by the farming operation as compared to the total
5 Oklahoma adjusted gross income shown on the return. The Oklahoma
6 Tax Commission shall promulgate rules and prescribe forms to
7 implement the provisions of this section.

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

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

19 A. There shall be allowed a credit against the tax imposed by
20 Section 2370 of Title 68 of the Oklahoma Statutes for any state
21 banking association, national banking association and credit union
22 organized under the laws of this state for the amount of the
23 guaranty fee paid by the banking association or credit union to the

1 United States Farm Service Agency pursuant to the requirements
2 imposed by federal law for the payment of fees by such financial
3 institutions as a result of the extension of credit or guaranty of
4 debt by the Farm Service Agency.

5 B. The credit authorized by this section may be claimed for
6 guaranty fees paid on or after January 1, 2006.

7 C. No credit may be claimed pursuant to this section if,
8 pursuant to the agreement between the banking association or credit
9 union and the entity to which proceeds are made available, the
10 banking association or credit union adds the amount of the Farm
11 Service Agency loan guaranty fee to the amount financed by the
12 borrower or in any other way recovers the guaranty fee amount from
13 the borrower.

14 D. The credit authorized by this section may be claimed and if
15 not fully used in the initial year for which the credit is claimed
16 may be carried over, in order, to each of the five (5) succeeding
17 taxable years. The credit authorized by this section may not be
18 used to reduce the tax liability of the credit claimant below zero
19 (0).

20 E. The Oklahoma Tax Commission shall prepare a report regarding
21 the amount of tax credits claimed as authorized by this section.
22 The report shall be submitted to the Speaker of the House of

1 Representatives and to the President Pro Tempore of the Senate not
2 later than March 31 of each year.

3 SECTION 3. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 2357.30B of Title 68, unless
5 there is created a duplication in numbering, reads as follows:

6 A. For taxable years beginning after December 31, 2005, every
7 individual shall be entitled to claim as a credit against the tax
8 imposed by Section 2355 of Title 68 of the Oklahoma Statutes,
9 subject to the limitations provided by subsection C of this section,
10 any amount paid to the Rural Housing Service of the United States
11 Department of Agriculture for fees required in connection with a
12 Section 502 rural housing loan.

13 B. If the credit authorized by this section exceeds the amount
14 of income taxes due or if there are no state income taxes due on the
15 income of the taxpayer, the amount of the credit not used may be
16 carried forward as a credit against subsequent income tax liability
17 for a period not to exceed five (5) years.

18 SECTION 4. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2370.4 of Title 68, unless there
20 is created a duplication in numbering, reads as follows:

21 A. There shall be allowed a credit against the tax imposed by
22 Section 2370 of Title 68 of the Oklahoma Statutes for any state
23 banking association, national banking association and credit union

1 organized under the laws of this state for the amount of the
2 guaranty fee paid by the banking association or credit union to the
3 Rural Housing Service of the United States Department of Agriculture
4 pursuant to the requirements imposed by federal law for the payment
5 of fees by such financial institutions as a result of the extension
6 of credit or guaranty of debt by the Rural Housing Service in
7 connection with a Section 502 or similar loan.

8 B. The credit authorized by this section may be claimed for
9 guaranty fees paid on or after January 1, 2006.

10 C. No credit may be claimed pursuant to this section if,
11 pursuant to the agreement between the banking association or credit
12 union and the entity to which proceeds are made available, the
13 banking association or credit union adds the amount of the loan
14 guaranty fee to the amount financed by the borrower or in any other
15 way recovers the guaranty fee amount from the borrower.

16 D. The credit authorized by this section may be claimed and if
17 not fully used in the initial year for which the credit is claimed
18 may be carried over, in order, to each of the five (5) succeeding
19 taxable years. The credit authorized by this section may not be
20 used to reduce the tax liability of the credit claimant below zero
21 (0).

22 E. The Oklahoma Tax Commission shall prepare a report regarding
23 the amount of tax credits claimed as authorized by this section.

1 The report shall be submitted to the Speaker of the House of
2 Representatives and to the President Pro Tempore of the Senate not
3 later than March 31 of each year.

4 SECTION 5. This act shall become effective January 1, 2006.

5 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 4-5-05 - DO PASS,
6 As Amended.