

3 **Senate Bill No. 17**
4 **As Amended**

5 SENATE BILL NO. 17 - By: CORN and GUMM of the Senate and SHELTON and
6 SMITHSON of the House.

7 [motor vehicles - revenue and taxation - modifying
8 registration fee - exempting excise tax - disabled
9 veterans - effective date]

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

11 **SECTION 1. NEW LAW A new section of law to be codified**
12 **in the Oklahoma Statutes as Section 237 of Title 44, unless there is**
13 **created a duplication in numbering, reads as follows:**

14 A. The Military Department of the State of Oklahoma shall
15 create the Oklahoma National Guard Relief Program. This program is
16 being created for the purpose of providing financial relief for
17 approved expenses to qualified members of the Oklahoma National
18 Guard.

19 B. A review board shall be created for purposes of accepting
20 applications for relief and distributing monies accrued to those
21 members with qualifying expenses. The board shall consist of:

- 22 1. The Adjutant General;
23 2. The Commanding Sergeant Major of the Army National Guard;

24 and

- 25 3. The Chief Master Sergeant of the Air National Guard.

1 C. Procedures for meetings, qualifying expenses, approvals, and
2 minimum criteria for accepting applications shall be developed by
3 the review board.

4 **SECTION 2. NEW LAW A new section of law to be codified**
5 **in the Oklahoma Statutes as Section 2368.14 of Title 68, unless**
6 **there is created a duplication in numbering, reads as follows:**

7 A. Each state individual income tax return form for tax years
8 which begin after December 31, 2004, and each state corporate tax
9 return form for tax years beginning after December 31, 2004, shall
10 contain a provision to allow a donation from a tax refund for the
11 benefit of providing financial relief to qualified members of the
12 Oklahoma National Guard, as follows:

13 Support of the Oklahoma National Guard Relief Program. Check if
14 you wish to donate from your tax refund: () \$2, () \$5, or ()
15 \$_____.

16 B. Except as otherwise provided for in this section, all monies
17 generated pursuant to subsection A of this section shall be paid to
18 the State Treasurer by the Oklahoma Tax Commission and placed to the
19 credit of the Income Tax Checkoff Revolving Fund for the Support of
20 the Oklahoma National Guard Relief Program created in subsection C
21 of this section.

22 C. There is hereby created in the State Treasury a revolving
23 fund for the Military Department of the State of Oklahoma to be

1 designated the "Income Tax Checkoff Revolving Fund for the Support
2 of the Oklahoma National Guard Relief Program". The fund shall be a
3 continuing fund, not subject to fiscal year limitations, and shall
4 consist of all monies apportioned to the fund pursuant to the
5 provisions of this section. All monies accruing to the credit of
6 the fund are hereby appropriated and may be budgeted and expended by
7 the Military Department for the purpose of funding qualified
8 National Guard members to assist with approved expenses. Such
9 monies shall be apportioned as and in a manner specified by the
10 Military Department. Expenditures from the fund shall be made upon
11 warrants issued by the State Treasurer against claims filed as
12 prescribed by law with the Director of State Finance for approval
13 and payment.

14 D. If a taxpayer makes a donation pursuant to subsection A of
15 this section in error, such taxpayer may file a claim for refund at
16 any time within three (3) years from the due date of the tax return.
17 Such claims shall be filed pursuant to the provisions of Section
18 2373 of Title 68 of the Oklahoma Statutes. Prior to the
19 apportionment set forth in this section, an amount equal to the
20 total amount of refunds made pursuant to this subsection during any
21 one (1) year shall be deducted from the total donations received
22 pursuant to this section during the following year and such amount

1 deducted shall be paid to the State Treasurer and placed to the
2 credit of the Income Tax Withholding Refund Account.

3 **SECTION 3. AMENDATORY 68 O.S. 2001, Section 2358, as**
4 **last amended by Section 14, Chapter 322, O.S.L. 2004 (68 O.S. Supp.**
5 **2004, Section 2358), is amended to read as follows:**

6 Section 2358. For all tax years beginning after December 31,
7 1981, taxable income and adjusted gross income shall be adjusted to
8 arrive at Oklahoma taxable income and Oklahoma adjusted gross income
9 as required by this section.

10 A. The taxable income of any taxpayer shall be adjusted to
11 arrive at Oklahoma taxable income for corporations and Oklahoma
12 adjusted gross income for individuals, as follows:

13 1. There shall be added interest income on obligations of any
14 state or political subdivision thereto which is not otherwise
15 exempted pursuant to other laws of this state, to the extent that
16 such interest is not included in taxable income and adjusted gross
17 income.

18 2. There shall be deducted amounts included in such income that
19 the state is prohibited from taxing because of the provisions of the
20 Federal Constitution, the State Constitution, federal laws or laws
21 of Oklahoma.

22 3. The amount of any federal net operating loss deduction shall
23 be adjusted as follows:

- 1 a. For carryovers and carrybacks to taxable years
2 beginning before January 1, 1981, the amount of any
3 net operating loss deduction allowed to a taxpayer for
4 federal income tax purposes shall be reduced to an
5 amount which is the same portion thereof as the loss
6 from sources within this state, as determined pursuant
7 to this section and Section 2362 of this title, for
8 the taxable year in which such loss is sustained is of
9 the total loss for such year;
- 10 b. For carryovers and carrybacks to taxable years
11 beginning after December 31, 1980, the amount of any
12 net operating loss deduction allowed for the taxable
13 year shall be an amount equal to the aggregate of the
14 Oklahoma net operating loss carryovers and carrybacks
15 to such year. Oklahoma net operating losses shall be
16 separately determined by reference to Section 172 of
17 the Internal Revenue Code, 26 U.S.C., Section 172, as
18 modified by the Oklahoma Income Tax Act, Section 2351
19 et seq. of this title, and shall be allowed without
20 regard to the existence of a federal net operating
21 loss. For tax years beginning after December 31,
22 2000, the years to which such losses may be carried
23 shall be determined solely by reference to Section 172

1 of the Internal Revenue Code, 26 U.S.C., Section 172,
2 with the exception that the terms "net operating loss"
3 and "taxable income" shall be replaced with "Oklahoma
4 net operating loss" and "Oklahoma taxable income".

5 4. Items of the following nature shall be allocated as
6 indicated. Allowable deductions attributable to items separately
7 allocable in subparagraphs a, b and c of this paragraph, whether or
8 not such items of income were actually received, shall be allocated
9 on the same basis as those items:

10 a. Income from real and tangible personal property, such
11 as rents, oil and mining production or royalties, and
12 gains or losses from sales of such property, shall be
13 allocated in accordance with the situs of such
14 property;

15 b. Income from intangible personal property, such as
16 interest, dividends, patent or copyright royalties,
17 and gains or losses from sales of such property, shall
18 be allocated in accordance with the domiciliary situs
19 of the taxpayer, except that:

20 (1) where such property has acquired a nonunitary
21 business or commercial situs apart from the
22 domicile of the taxpayer such income shall be
23 allocated in accordance with such business or

1 commercial situs; interest income from
2 investments held to generate working capital for
3 a unitary business enterprise shall be included
4 in apportionable income; a resident trust or
5 resident estate shall be treated as having a
6 separate commercial or business situs insofar as
7 undistributed income is concerned, but shall not
8 be treated as having a separate commercial or
9 business situs insofar as distributed income is
10 concerned,

11 (2) income from such property which is required to be
12 allocated pursuant to the provisions of paragraph
13 5 of this subsection shall be allocated as herein
14 provided;

15 c. Net income or loss from a business activity which is
16 not a part of business carried on within or without
17 the state of a unitary character shall be separately
18 allocated to the state in which such activity is
19 conducted;

20 d. In the case of a manufacturing or processing
21 enterprise the business of which in Oklahoma consists
22 solely of marketing its products by:

1 (1) sales having a situs without this state, shipped
2 directly to a point from without the state to a
3 purchaser within the state, commonly known as
4 interstate sales,
5 (2) sales of the product stored in public warehouses
6 within the state pursuant to "in transit"
7 tariffs, as prescribed and allowed by the
8 Interstate Commerce Commission, to a purchaser
9 within the state,
10 (3) sales of the product stored in public warehouses
11 within the state where the shipment to such
12 warehouses is not covered by "in transit"
13 tariffs, as prescribed and allowed by the
14 Interstate Commerce Commission, to a purchaser
15 within or without the state,
16 the Oklahoma net income shall, at the option of the
17 taxpayer, be that portion of the total net income of
18 the taxpayer for federal income tax purposes derived
19 from the manufacture and/or processing and sales
20 everywhere as determined by the ratio of the sales
21 defined in this section made to the purchaser within
22 the state to the total sales everywhere. The term
23 "public warehouse" as used in this subparagraph means

1 a licensed public warehouse, the principal business of
2 which is warehousing merchandise for the public;
3 e. In the case of insurance companies, Oklahoma taxable
4 income shall be taxable income of the taxpayer for
5 federal tax purposes, as adjusted for the adjustments
6 provided pursuant to the provisions of paragraphs 1
7 and 2 of this subsection, apportioned as follows:
8 (1) except as otherwise provided by division (2) of
9 this subparagraph, taxable income of an insurance
10 company for a taxable year shall be apportioned
11 to this state by multiplying such income by a
12 fraction, the numerator of which is the direct
13 premiums written for insurance on property or
14 risks in this state, and the denominator of which
15 is the direct premiums written for insurance on
16 property or risks everywhere. For purposes of
17 this subsection, the term "direct premiums
18 written" means the total amount of direct
19 premiums written, assessments and annuity
20 considerations as reported for the taxable year
21 on the annual statement filed by the company with
22 the Insurance Commissioner in the form approved
23 by the National Association of Insurance

1 Commissioners, or such other form as may be
2 prescribed in lieu thereof,

3 (2) if the principal source of premiums written by an
4 insurance company consists of premiums for
5 reinsurance accepted by it, the taxable income of
6 such company shall be apportioned to this state
7 by multiplying such income by a fraction, the
8 numerator of which is the sum of (a) direct
9 premiums written for insurance on property or
10 risks in this state, plus (b) premiums written
11 for reinsurance accepted in respect of property
12 or risks in this state, and the denominator of
13 which is the sum of (c) direct premiums written
14 for insurance on property or risks everywhere,
15 plus (d) premiums written for reinsurance
16 accepted in respect of property or risks
17 everywhere. For purposes of this paragraph,
18 premiums written for reinsurance accepted in
19 respect of property or risks in this state,
20 whether or not otherwise determinable, may at the
21 election of the company be determined on the
22 basis of the proportion which premiums written
23 for insurance accepted from companies

1 commercially domiciled in Oklahoma bears to
2 premiums written for reinsurance accepted from
3 all sources, or alternatively in the proportion
4 which the sum of the direct premiums written for
5 insurance on property or risks in this state by
6 each ceding company from which reinsurance is
7 accepted bears to the sum of the total direct
8 premiums written by each such ceding company for
9 the taxable year.

10 5. The net income or loss remaining after the separate
11 allocation in paragraph 4 of this subsection, being that which is
12 derived from a unitary business enterprise, shall be apportioned to
13 this state on the basis of the arithmetical average of three factors
14 consisting of property, payroll and sales or gross revenue
15 enumerated as subparagraphs a, b and c of this paragraph. Net
16 income or loss as used in this paragraph includes that derived from
17 patent or copyright royalties, purchase discounts, and interest on
18 accounts receivable relating to or arising from a business activity,
19 the income from which is apportioned pursuant to this subsection,
20 including the sale or other disposition of such property and any
21 other property used in the unitary enterprise. Deductions used in
22 computing such net income or loss shall not include taxes based on
23 or measured by income. Provided, for corporations whose property

1 for purposes of the tax imposed by Section 2355 of this title has an
2 initial investment cost equaling or exceeding Two Hundred Million
3 Dollars (\$200,000,000.00) and such investment is made on or after
4 July 1, 1997, or for corporations which expand their property or
5 facilities in this state and such expansion has an investment cost
6 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)
7 over a period not to exceed three (3) years, and such expansion is
8 commenced on or after January 1, 2000, the three factors shall be
9 apportioned with property and payroll, each comprising twenty-five
10 percent (25%) of the apportionment factor and sales comprising fifty
11 percent (50%) of the apportionment factor. The apportionment
12 factors shall be computed as follows:

13 a. The property factor is a fraction, the numerator of
14 which is the average value of the taxpayer's real and
15 tangible personal property owned or rented and used in
16 this state during the tax period and the denominator
17 of which is the average value of all the taxpayer's
18 real and tangible personal property everywhere owned
19 or rented and used during the tax period.

20 (1) Property, the income from which is separately
21 allocated in paragraph 4 of this subsection,
22 shall not be included in determining this
23 fraction. The numerator of the fraction shall

1 include a portion of the investment in
2 transportation and other equipment having no
3 fixed situs, such as rolling stock, buses, trucks
4 and trailers, including machinery and equipment
5 carried thereon, airplanes, salespersons'
6 automobiles and other similar equipment, in the
7 proportion that miles traveled in Oklahoma by
8 such equipment bears to total miles traveled,

9 (2) Property owned by the taxpayer is valued at its
10 original cost. Property rented by the taxpayer
11 is valued at eight times the net annual rental
12 rate. Net annual rental rate is the annual
13 rental rate paid by the taxpayer, less any annual
14 rental rate received by the taxpayer from
15 subrentals,

16 (3) The average value of property shall be determined
17 by averaging the values at the beginning and
18 ending of the tax period but the Oklahoma Tax
19 Commission may require the averaging of monthly
20 values during the tax period if reasonably
21 required to reflect properly the average value of
22 the taxpayer's property;

1 b. The payroll factor is a fraction, the numerator of
2 which is the total compensation for services rendered
3 in the state during the tax period, and the
4 denominator of which is the total compensation for
5 services rendered everywhere during the tax period.
6 "Compensation", as used in this subsection means those
7 paid-for services to the extent related to the unitary
8 business but does not include officers' salaries,
9 wages and other compensation.

10 (1) In the case of a transportation enterprise, the
11 numerator of the fraction shall include a portion
12 of such expenditure in connection with employees
13 operating equipment over a fixed route, such as
14 railroad employees, airline pilots, or bus
15 drivers, in this state only a part of the time,
16 in the proportion that mileage traveled in
17 Oklahoma bears to total mileage traveled by such
18 employees,

19 (2) In any case the numerator of the fraction shall
20 include a portion of such expenditures in
21 connection with itinerant employees, such as
22 traveling salespersons, in this state only a part
23 of the time, in the proportion that time spent in

Oklahoma bears to total time spent in furtherance
of the enterprise by such employees;

c. The sales factor is a fraction, the numerator of which
is the total sales or gross revenue of the taxpayer in
this state during the tax period, and the denominator
of which is the total sales or gross revenue of the
taxpayer everywhere during the tax period. "Sales",
as used in this subsection does not include sales or
gross revenue which are separately allocated in
paragraph 4 of this subsection.

(1) Sales of tangible personal property have a situs
in this state if the property is delivered or
shipped to a purchaser other than the United
States government, within this state regardless
of the FOB point or other conditions of the sale;
or the property is shipped from an office, store,
warehouse, factory or other place of storage in
this state and (a) the purchaser is the United
States government or (b) the taxpayer is not
doing business in the state of the destination of
the shipment.

(2) In the case of a railroad or interurban railway
enterprise, the numerator of the fraction shall

1 not be less than the allocation of revenues to
2 this state as shown in its annual report to the
3 Corporation Commission.

4 (3) In the case of an airline, truck or bus
5 enterprise or freight car, tank car, refrigerator
6 car or other railroad equipment enterprise, the
7 numerator of the fraction shall include a portion
8 of revenue from interstate transportation in the
9 proportion that interstate mileage traveled in
10 Oklahoma bears to total interstate mileage
11 traveled.

12 (4) In the case of an oil, gasoline or gas pipeline
13 enterprise, the numerator of the fraction shall
14 be either the total of traffic units of the
15 enterprise within Oklahoma or the revenue
16 allocated to Oklahoma based upon miles moved, at
17 the option of the taxpayer, and the denominator
18 of which shall be the total of traffic units of
19 the enterprise or the revenue of the enterprise
20 everywhere as appropriate to the numerator. A
21 "traffic unit" is hereby defined as the
22 transportation for a distance of one (1) mile of
23 one (1) barrel of oil, one (1) gallon of gasoline

1 or one thousand (1,000) cubic feet of natural or
2 casinghead gas, as the case may be.

3 (5) In the case of a telephone or telegraph or other
4 communication enterprise, the numerator of the
5 fraction shall include that portion of the
6 interstate revenue as is allocated pursuant to
7 the accounting procedures prescribed by the
8 Federal Communications Commission; provided that
9 in respect to each corporation or business entity
10 required by the Federal Communications Commission
11 to keep its books and records in accordance with
12 a uniform system of accounts prescribed by such
13 Commission, the intrastate net income shall be
14 determined separately in the manner provided by
15 such uniform system of accounts and only the
16 interstate income shall be subject to allocation
17 pursuant to the provisions of this subsection.
18 Provided further, that the gross revenue factors
19 shall be those as are determined pursuant to the
20 accounting procedures prescribed by the Federal
21 Communications Commission.

22 In any case where the apportionment of the three factors prescribed
23 in this paragraph attributes to Oklahoma a portion of net income of

1 the enterprise out of all appropriate proportion to the property
2 owned and/or business transacted within this state, because of the
3 fact that one or more of the factors so prescribed are not employed
4 to any appreciable extent in furtherance of the enterprise; or
5 because one or more factors not so prescribed are employed to a
6 considerable extent in furtherance of the enterprise; or because of
7 other reasons, the Tax Commission is empowered to permit, after a
8 showing by taxpayer that an excessive portion of net income has been
9 attributed to Oklahoma, or require, when in its judgment an
10 insufficient portion of net income has been attributed to Oklahoma,
11 the elimination, substitution, or use of additional factors, or
12 reduction or increase in the weight of such prescribed factors.
13 Provided, however, that any such variance from such prescribed
14 factors which has the effect of increasing the portion of net income
15 attributable to Oklahoma must not be inherently arbitrary, and
16 application of the recomputed final apportionment to the net income
17 of the enterprise must attribute to Oklahoma only a reasonable
18 portion thereof.

19 6. For calendar years 1997 and 1998, the owner of a new or
20 expanded agricultural commodity processing facility in this state
21 may exclude from Oklahoma taxable income, or in the case of an
22 individual, the Oklahoma adjusted gross income, fifteen percent
23 (15%) of the investment by the owner in the new or expanded

1 agricultural commodity processing facility. For calendar year 1999,
2 and all subsequent years, the percentage, not to exceed fifteen
3 percent (15%), available to the owner of a new or expanded
4 agricultural commodity processing facility in this state claiming
5 the exemption shall be adjusted annually so that the total estimated
6 reduction in tax liability does not exceed One Million Dollars
7 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules
8 for determining the percentage of the investment which each eligible
9 taxpayer may exclude. The exclusion provided by this paragraph
10 shall be taken in the taxable year when the investment is made. In
11 the event the total reduction in tax liability authorized by this
12 paragraph exceeds One Million Dollars (\$1,000,000.00) in any
13 calendar year, the Tax Commission shall permit any excess over One
14 Million Dollars (\$1,000,000.00) and shall factor such excess into
15 the percentage for subsequent years. Any amount of the exemption
16 permitted to be excluded pursuant to the provisions of this
17 paragraph but not used in any year may be carried forward as an
18 exemption from income pursuant to the provisions of this paragraph
19 for a period not exceeding six (6) years following the year in which
20 the investment was originally made.

21 For purposes of this paragraph:

- 22 a. "Agricultural commodity processing facility" means
23 building, structures, fixtures and improvements used

1 or operated primarily for the processing or production
2 of marketable products from agricultural commodities.
3 The term shall also mean a dairy operation that
4 requires a depreciable investment of at least Two
5 Hundred Fifty Thousand Dollars (\$250,000.00) and which
6 produces milk from dairy cows. The term does not
7 include a facility that provides only, and nothing
8 more than, storage, cleaning, drying or transportation
9 of agricultural commodities, and

10 b. "Facility" means each part of the facility which is
11 used in a process primarily for:

- 12 (1) the processing of agricultural commodities,
13 including receiving or storing agricultural
14 commodities, or the production of milk at a dairy
15 operation,
16 (2) transporting the agricultural commodities or
17 product before, during or after the processing,
18 or
19 (3) packaging or otherwise preparing the product for
20 sale or shipment.

21 7. Despite any provision to the contrary in paragraph 3 of this
22 subsection, for taxable years beginning after December 31, 1999, in
23 the case of a taxpayer which has a farming loss, such farming loss

1 shall be considered a net operating loss carryback in accordance
2 with and to the extent of the Internal Revenue Code, 26 U.S.C.,
3 Section 172(b)(G). However, the amount of the net operating loss
4 carryback shall not exceed the lesser of:

- 5 a. Sixty Thousand Dollars (\$60,000.00), or
- 6 b. the loss properly shown on Schedule F of the Internal
7 Revenue Service Form 1040 reduced by one-half (1/2) of
8 the income from all other sources other than reflected
9 on Schedule F.

10 8. In taxable years beginning after December 31, 1995, all
11 qualified wages equal to the federal income tax credit set forth in
12 26 U.S.C.A., Section 45A, shall be deducted from taxable income.
13 The deduction allowed pursuant to this paragraph shall only be
14 permitted for the tax years in which the federal tax credit pursuant
15 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this
16 paragraph, "qualified wages" means those wages used to calculate the
17 federal credit pursuant to 26 U.S.C.A., Section 45A.

18 B. The taxable income of any corporation shall be further
19 adjusted to arrive at Oklahoma taxable income, except those
20 corporations electing treatment as provided in subchapter S of the
21 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section
22 2365 of this title, deductions pursuant to the provisions of the
23 Accelerated Cost Recovery System as defined and allowed in the

1 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,
2 Section 168, for depreciation of assets placed into service after
3 December 31, 1981, shall not be allowed in calculating Oklahoma
4 taxable income. Such corporations shall be allowed a deduction for
5 depreciation of assets placed into service after December 31, 1981,
6 in accordance with provisions of the Internal Revenue Code, 26
7 U.S.C., Section 1 et seq., in effect immediately prior to the
8 enactment of the Accelerated Cost Recovery System. The Oklahoma tax
9 basis for all such assets placed into service after December 31,
10 1981, calculated in this section shall be retained and utilized for
11 all Oklahoma income tax purposes through the final disposition of
12 such assets.

13 Notwithstanding any other provisions of the Oklahoma Income Tax
14 Act, Section 2351 et seq. of this title, or of the Internal Revenue
15 Code to the contrary, this subsection shall control calculation of
16 depreciation of assets placed into service after December 31, 1981,
17 and before January 1, 1983.

18 For assets placed in service and held by a corporation in which
19 accelerated cost recovery system was previously disallowed, an
20 adjustment to taxable income is required in the first taxable year
21 beginning after December 31, 1982, to reconcile the basis of such
22 assets to the basis allowed in the Internal Revenue Code. The
23 purpose of this adjustment is to equalize the basis and allowance

1 for depreciation accounts between that reported to the Internal
2 Revenue Service and that reported to Oklahoma.

3 C. 1. For taxable years beginning after December 31, 1987, the
4 taxable income of any corporation shall be further adjusted to
5 arrive at Oklahoma taxable income for transfers of technology to
6 qualified small businesses located in Oklahoma. Such transferor
7 corporation shall be allowed an exemption from taxable income of an
8 amount equal to the amount of royalty payment received as a result
9 of such transfer; provided, however, such amount shall not exceed
10 ten percent (10%) of the amount of gross proceeds received by such
11 transferor corporation as a result of the technology transfer. Such
12 exemption shall be allowed for a period not to exceed ten (10) years
13 from the date of receipt of the first royalty payment accruing from
14 such transfer. No exemption may be claimed for transfers of
15 technology to qualified small businesses made prior to January 1,
16 1988.

17 2. For purposes of this subsection:

18 a. "Qualified small business" means an entity, whether
19 organized as a corporation, partnership, or
20 proprietorship, organized for profit with its
21 principal place of business located within this state
22 and which meets the following criteria:

- 1 (1) Capitalization of not more than Two Hundred Fifty
2 Thousand Dollars (\$250,000.00),
3 (2) Having at least fifty percent (50%) of its
4 employees and assets located in Oklahoma at the
5 time of the transfer, and
6 (3) Not a subsidiary or affiliate of the transferor
7 corporation;
- 8 b. "Technology" means a proprietary process, formula,
9 pattern, device or compilation of scientific or
10 technical information which is not in the public
11 domain;
- 12 c. "Transferor corporation" means a corporation which is
13 the exclusive and undisputed owner of the technology
14 at the time the transfer is made; and
- 15 d. "Gross proceeds" means the total amount of
16 consideration for the transfer of technology, whether
17 the consideration is in money or otherwise.
- 18 D. The Oklahoma adjusted gross income of any individual
19 taxpayer shall be further adjusted as follows to arrive at Oklahoma
20 taxable income:
- 21 1. a. In the case of individuals, there shall be added or
22 deducted, as the case may be, the difference necessary
23 to allow personal exemptions of One Thousand Dollars

1 (\$1,000.00) in lieu of the personal exemptions allowed
2 by the Internal Revenue Code.

3 b. There shall be allowed an additional exemption of One
4 Thousand Dollars (\$1,000.00) for each taxpayer or
5 spouse who is blind at the close of the tax year. For
6 purposes of this subparagraph, an individual is blind
7 only if the central visual acuity of the individual
8 does not exceed 20/200 in the better eye with
9 correcting lenses, or if the visual acuity of the
10 individual is greater than 20/200, but is accompanied
11 by a limitation in the fields of vision such that the
12 widest diameter of the visual field subtends an angle
13 no greater than twenty (20) degrees.

14 c. There shall be allowed an additional exemption of One
15 Thousand Dollars (\$1,000.00) for each taxpayer or
16 spouse who is sixty-five (65) years of age or older at
17 the close of the tax year based upon the filing status
18 and federal adjusted gross income of the taxpayer.
19 Taxpayers with the following filing status may claim
20 this exemption if the federal adjusted gross income
21 does not exceed:

22 (1) Twenty-five Thousand Dollars (\$25,000.00) if
23 married and filing jointly;

- 1 (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)
2 if married and filing separately;
3 (3) Fifteen Thousand Dollars (\$15,000.00) if single;
4 and
5 (4) Nineteen Thousand Dollars (\$19,000.00) if a
6 qualifying head of household.

7 Provided, for taxable years beginning after December
8 31, 1999, amounts included in the calculation of
9 federal adjusted gross income pursuant to the
10 conversion of a traditional individual retirement
11 account to a Roth individual retirement account shall
12 be excluded from federal adjusted gross income for
13 purposes of the income thresholds provided in this
14 subparagraph.

15 d. For taxable years beginning after December 31, 1990,
16 and beginning before January 1, 1992, there shall be
17 allowed a one-time additional exemption of Four
18 Hundred Dollars (\$400.00) for each taxpayer or spouse
19 who is a member of the National Guard or any reserve
20 unit of the Armed Forces of the United States and who
21 was at any time during such taxable year deployed in
22 active service during a time of war or conflict with
23 an enemy of the United States.

1 2. In the case of individuals who use the standard deduction in
2 determining taxable income, there shall be added or deducted, as the
3 case may be, the difference necessary to allow a standard deduction
4 in lieu of the standard deduction allowed by the Internal Revenue
5 Code, in an amount equal to the larger of fifteen percent (15%) of
6 the Oklahoma adjusted gross income or One Thousand Dollars
7 (\$1,000.00), but not to exceed Two Thousand Dollars (\$2,000.00),
8 except that in the case of a married individual filing a separate
9 return such deduction shall be the larger of fifteen percent (15%)
10 of such Oklahoma adjusted gross income or Five Hundred Dollars
11 (\$500.00), but not to exceed the maximum amount of One Thousand
12 Dollars (\$1,000.00).

13 3. In the case of resident and part-year resident individuals
14 having adjusted gross income from sources both within and without
15 the state, the itemized or standard deductions and personal
16 exemptions shall be reduced to an amount which is the same portion
17 of the total thereof as Oklahoma adjusted gross income is of
18 adjusted gross income. To the extent itemized deductions include
19 allowable moving expense, proration of moving expense shall not be
20 required or permitted but allowable moving expense shall be fully
21 deductible for those taxpayers moving within or into Oklahoma and no
22 part of moving expense shall be deductible for those taxpayers
23 moving without or out of Oklahoma. All other itemized or standard

1 deductions and personal exemptions shall be subject to proration as
2 provided by law.

3 4. A resident individual with a physical disability
4 constituting a substantial handicap to employment may deduct from
5 Oklahoma adjusted gross income such expenditures to modify a motor
6 vehicle, home or workplace as are necessary to compensate for his or
7 her handicap. A veteran certified by the Veterans Administration of
8 the federal government as having a service-connected disability
9 shall be conclusively presumed to be an individual with a physical
10 disability constituting a substantial handicap to employment. The
11 Tax Commission shall promulgate rules containing a list of
12 combinations of common disabilities and modifications which may be
13 presumed to qualify for this deduction. The Tax Commission shall
14 prescribe necessary requirements for verification.

15 5. In any taxable year the first One Thousand Five Hundred
16 Dollars (\$1,500.00) received by any person from the United States as
17 salary or compensation in any form, other than retirement benefits,
18 as a member of any component of the Armed Forces of the United
19 States shall be deducted from taxable income. Whenever the filing
20 of a timely income tax return by a member of the Armed Forces of the
21 United States is made impracticable or impossible of accomplishment
22 by reason of:

1 a. absence from the United States, which term includes
2 only the states and the District of Columbia;
3 b. absence from the State of Oklahoma while on active
4 duty; or
5 c. confinement in a hospital within the United States for
6 treatment of wounds, injuries or disease,
7 the time for filing a return and paying an income tax shall
8 be and is hereby extended without incurring liability for
9 interest or penalties, to the fifteenth day of the third
10 month following the month in which:

11 (1) Such individual shall return to the United States
12 if the extension is granted pursuant to
13 subparagraph a of this paragraph, return to the
14 State of Oklahoma if the extension is granted
15 pursuant to subparagraph b of this paragraph or
16 be discharged from such hospital if the extension
17 is granted pursuant to subparagraph c of this
18 paragraph; or

19 (2) An executor, administrator, or conservator of the
20 estate of the taxpayer is appointed, whichever
21 event occurs the earliest.

22 Provided, that the Tax Commission may, in its discretion, grant any
23 member of the Armed Forces of the United States an extension of time

1 for filing of income tax returns and payment of income tax without
2 incurring liabilities for interest or penalties. Such extension may
3 be granted only when in the judgment of the Tax Commission a good
4 cause exists therefor and may be for a period in excess of six (6)
5 months. A record of every such extension granted, and the reason
6 therefor, shall be kept.

7 6. The salary or any other form of compensation, received from
8 the United States by a member of any component of the Armed Forces
9 of the United States, shall be deducted from taxable income during
10 the time in which the person is detained by the enemy in a conflict,
11 is a prisoner of war or is missing in action and not deceased.

12 7. Notwithstanding anything in the Internal Revenue Code or in
13 the Oklahoma Income Tax Act to the contrary, it is expressly
14 provided that, in the case of resident individuals, amounts received
15 as dividends or distributions of earnings from savings and loan
16 associations or credit unions located in Oklahoma, and interest
17 received on savings accounts and time deposits from such sources or
18 from state and national banks or trust companies located in
19 Oklahoma, shall qualify as dividends for the purpose of the dividend
20 exclusion, and taxable income shall be adjusted accordingly to
21 arrive at Oklahoma taxable income; provided, however, that the
22 dividend, distribution of earnings and/or interest exclusion
23 provided for hereinabove shall not be cumulative to the maximum

1 dividend exclusion allowed by the Internal Revenue Code. Any
2 dividend exclusion already allowed by the Internal Revenue Code and
3 reflected in the taxpayer's Oklahoma taxable income together with
4 exclusion allowed herein shall not exceed the total of One Hundred
5 Dollars (\$100.00) per individual or Two Hundred Dollars (\$200.00)
6 per couple filing a joint return.

7 8. a. An individual taxpayer, whether resident or
8 nonresident, may deduct an amount equal to the federal
9 income taxes paid by the taxpayer during the taxable
10 year.

11 b. Federal taxes as described in subparagraph a of this
12 paragraph shall be deductible by any individual
13 taxpayer, whether resident or nonresident, only to the
14 extent they relate to income subject to taxation
15 pursuant to the provisions of the Oklahoma Income Tax
16 Act. The maximum amount allowable in the preceding
17 paragraph shall be prorated on the ratio of the
18 Oklahoma adjusted gross income to federal adjusted
19 gross income.

20 c. For the purpose of this paragraph, "federal income
21 taxes paid" shall mean federal income taxes, surtaxes
22 imposed on incomes or excess profits taxes, as though
23 the taxpayer was on the accrual basis. In determining

1 the amount of deduction for federal income taxes for
2 tax year 2001, the amount of the deduction shall not
3 be adjusted by the amount of any accelerated ten
4 percent (10%) tax rate bracket credit or advanced
5 refund of the credit received during the tax year
6 provided pursuant to the federal Economic Growth and
7 Tax Relief Reconciliation Act of 2001, P.L. No. 170-
8 16, and the advanced refund of such credit shall not
9 be subject to taxation.

10 d. The provisions of this paragraph shall apply to all
11 taxable years ending after December 31, 1978.

12 9. Retirement benefits not to exceed Five Thousand Five Hundred
13 Dollars (\$5,500.00) for the 2004 tax year and Seven Thousand Five
14 Hundred Dollars (\$7,500.00) for the 2005 tax year and all subsequent
15 tax years, which are received by an individual from the civil
16 service of the United States, any component of the Armed Forces of
17 the United States, the Oklahoma Public Employees Retirement System,
18 the Teachers' Retirement System of Oklahoma, the Oklahoma Law
19 Enforcement Retirement System, the Oklahoma Firefighters Pension and
20 Retirement System, the Oklahoma Police Pension and Retirement
21 System, the employee retirement systems created by counties pursuant
22 to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the
23 Uniform Retirement System for Justices and Judges, the Oklahoma

1 Wildlife Conservation Department Retirement Fund, the Oklahoma
2 Employment Security Commission Retirement Plan, or the employee
3 retirement systems created by municipalities pursuant to Section 48-
4 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt
5 from taxable income.

6 10. In taxable years beginning after December 31, 1984, Social
7 Security benefits received by an individual shall be exempt from
8 taxable income, to the extent such benefits are included in the
9 federal adjusted gross income pursuant to the provisions of Section
10 86 of the Internal Revenue Code, 26 U.S.C., Section 86.

11 11. For taxable years beginning after December 31, 1994, lump-
12 sum distributions from employer plans of deferred compensation,
13 which are not qualified plans within the meaning of Section 401(a)
14 of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which
15 are deposited in and accounted for within a separate bank account or
16 brokerage account in a financial institution within this state,
17 shall be excluded from taxable income in the same manner as a
18 qualifying rollover contribution to an individual retirement account
19 within the meaning of Section 408 of the Internal Revenue Code, 26
20 U.S.C., Section 408. Amounts withdrawn from such bank or brokerage
21 account, including any earnings thereon, shall be included in
22 taxable income when withdrawn in the same manner as withdrawals from

1 individual retirement accounts within the meaning of Section 408 of
2 the Internal Revenue Code.

3 12. In taxable years beginning after December 31, 1995,
4 contributions made to and interest received from a medical savings
5 account established pursuant to Sections 2621 through 2623 of Title
6 63 of the Oklahoma Statutes shall be exempt from taxable income.

7 13. For taxable years beginning after December 31, 1996, the
8 Oklahoma adjusted gross income of any individual taxpayer who is a
9 swine or poultry producer may be further adjusted for the deduction
10 for depreciation allowed for new construction or expansion costs
11 which may be computed using the same depreciation method elected for
12 federal income tax purposes except that the useful life shall be
13 seven (7) years for purposes of this paragraph. If depreciation is
14 allowed as a deduction in determining the adjusted gross income of
15 an individual, any depreciation calculated and claimed pursuant to
16 this section shall in no event be a duplication of any depreciation
17 allowed or permitted on the federal income tax return of the
18 individual.

19 14. a. In taxable years beginning after December 31, 2002,
20 nonrecurring adoption expenses paid by a resident
21 individual taxpayer in connection with:
22 (1) the adoption of a minor, or

1 (2) a proposed adoption of a minor which did not
2 result in a decreed adoption,
3 may be deducted from the Oklahoma adjusted gross
4 income.

5 b. The deductions for adoptions and proposed adoptions
6 authorized by this paragraph shall not exceed Twenty
7 Thousand Dollars (\$20,000.00) per calendar year.

8 c. The Tax Commission shall promulgate rules to implement
9 the provisions of this paragraph which shall contain a
10 specific list of nonrecurring adoption expenses which
11 may be presumed to qualify for the deduction. The Tax
12 Commission shall prescribe necessary requirements for
13 verification.

14 d. "Nonrecurring adoption expenses" means adoption fees,
15 court costs, medical expenses, attorney fees and
16 expenses which are directly related to the legal
17 process of adoption of a child including, but not
18 limited to, costs relating to the adoption study,
19 health and psychological examinations, transportation
20 and reasonable costs of lodging and food for the child
21 or adoptive parents which are incurred to complete the
22 adoption process and are not reimbursed by other
23 sources. The term "nonrecurring adoption expenses"

1 shall not include attorney fees incurred for the
2 purpose of litigating a contested adoption, from and
3 after the point of the initiation of the contest,
4 costs associated with physical remodeling, renovation
5 and alteration of the adoptive parents' home or
6 property, except for a special needs child as
7 authorized by the court.

8 15. In taxable years beginning before January 1, 2005,
9 retirement benefits not to exceed the amounts specified in this
10 paragraph, which are received by an individual sixty-five (65) years
11 of age or older and whose Oklahoma adjusted gross income is Twenty-
12 five Thousand Dollars (\$25,000.00) or less if the filing status is
13 single, head of household, or married filing separate, or Fifty
14 Thousand Dollars (\$50,000.00) or less if the filing status is
15 married filing joint or qualifying widow, shall be exempt from
16 taxable income. In taxable years beginning after December 31, 2004,
17 retirement benefits not to exceed the amounts specified in this
18 paragraph, which are received by an individual whose Oklahoma
19 adjusted gross income is Thirty-seven Thousand Five Hundred Dollars
20 (\$37,500.00) or less if the filing status is single, head of
21 household, or married filing separate, or Seventy-Five Thousand
22 Dollars (\$75,000.00) or less if the filing status is married filing
23 jointly or qualifying widow, shall be exempt from taxable income.

1 For purposes of this paragraph, "retirement benefits" means the
2 total distributions or withdrawals from the following:

- 3 a. an employee pension benefit plan which satisfies the
4 requirements of Section 401 of the Internal Revenue
5 Code, 26 U.S.C., Section 401,
- 6 b. an eligible deferred compensation plan that satisfies
7 the requirements of Section 457 of the Internal
8 Revenue Code, 26 U.S.C., Section 457,
- 9 c. an individual retirement account, annuity or trust or
10 simplified employee pension that satisfies the
11 requirements of Section 408 of the Internal Revenue
12 Code, 26 U.S.C., Section 408,
- 13 d. an employee annuity subject to the provisions of
14 Section 403(a) or (b) of the Internal Revenue Code, 26
15 U.S.C., Section 403(a) or (b),
- 16 e. United States Retirement Bonds which satisfy the
17 requirements of Section 86 of the Internal Revenue
18 Code, 26 U.S.C., Section 86, or
- 19 f. lump-sum distributions from a retirement plan which
20 satisfies the requirements of Section 402(e) of the
21 Internal Revenue Code, 26 U.S.C., Section 402(e).

22 The amount of the exemption provided by this paragraph shall be
23 limited to Five Thousand Five Hundred Dollars (\$5,500.00) for the

1 2004 tax year and Seven Thousand Five Hundred Dollars (\$7,500.00)
2 for the 2005 tax year and for all subsequent tax years. Any
3 individual who claims the exemption provided for in paragraph 9 of
4 this subsection shall not be permitted to claim a combined total
5 exemption pursuant to this paragraph and paragraph 9 of this
6 subsection in an amount exceeding Five Thousand Five Hundred Dollars
7 (\$5,500.00) for the 2004 tax year and Seven Thousand Five Hundred
8 Dollars (\$7,500.00) for the 2005 tax year and subsequent tax years.

9 16. In taxable years beginning after December 31, 1999, for an
10 individual engaged in production agriculture who has filed a
11 Schedule F form with the taxpayer's federal income tax return for
12 such taxable year, there shall be excluded from taxable income any
13 amount which was included as federal taxable income or federal
14 adjusted gross income and which consists of the discharge of an
15 obligation by a creditor of the taxpayer incurred to finance the
16 production of agricultural products.

17 17. In taxable years beginning December 31, 2000, an amount
18 equal to one hundred percent (100%) of the amount of any scholarship
19 or stipend received from participation in the Oklahoma Police Corps
20 Program, as established in Section 2-140.3 of Title 47 of the
21 Oklahoma Statutes shall be exempt from taxable income.

22 18. In taxable years beginning after December 31, 2001, there
23 shall be allowed a deduction in the amount of contributions to

1 accounts established pursuant to the Oklahoma College Savings Plan
2 Act. The deduction shall equal the amount of contributions to
3 accounts, but in no event shall the deduction for each contributor
4 exceed Two Thousand Five Hundred Dollars (\$2,500.00) each taxable
5 year for each account.

6 19. In taxable years beginning after December 31, 2005, there
7 shall be allowed a deduction for retirement benefits which are
8 received by an individual from any component of the Armed Forces of
9 the United States or the Oklahoma National Guard in an amount equal
10 to either fifty percent (50%) of such benefits or Seven Thousand
11 Five Hundred Dollars (\$7,500.00), whichever is greater; provided,
12 any individual who claims the exemption provided for in this section
13 shall not be permitted to claim an exemption pursuant to paragraph 9
14 or 15 of this subsection for any retirement benefits received as a
15 result of service in any component of the Armed Forces of the United
16 States or the Oklahoma National Guard.

17 E. 1. For taxable years beginning after December 31, 2004, a
18 deduction from the Oklahoma adjusted gross income of any individual
19 taxpayer shall be allowed for qualifying gains receiving capital
20 treatment earned by the individual taxpayer during the taxable year
21 and included in the federal taxable income of such individual
22 taxpayer.

23 2. As used in this subsection:

1 a. "qualifying gains receiving capital treatment" means
2 the amount of net capital gains, as defined in Section
3 1222(11) of the Internal Revenue Code, included in an
4 individual taxpayer's federal income tax return that
5 was:

6 (1) earned by the individual taxpayer on real or
7 tangible personal property located within
8 Oklahoma that has been owned by the individual
9 taxpayer for a holding period of at least five
10 (5) years prior to the date of the transaction
11 from which such net capital gains arise, or

12 (2) earned on the sale of stock or on the sale of an
13 ownership interest in an Oklahoma company,
14 limited liability company, or partnership where
15 such stock or ownership interest has been owned
16 by the individual taxpayer for a holding period
17 of at least three (3) years prior to the date of
18 the transaction from which the net capital gains
19 arise,

20 b. "holding period" means an uninterrupted period of
21 time, and

22 c. "Oklahoma company," "limited liability company," or
23 "partnership" means an entity whose primary headquarters have been

1 located in Oklahoma for at least three (3) uninterrupted years prior
2 to the date of the transaction from which the net capital gains
3 arise.

4 **SECTION 4.** AMENDATORY 47 O.S. 2001, Section 1132, is
5 amended to read as follows:

6 Section 1132. A. 1. For all vehicles, unless otherwise
7 specifically provided by the Oklahoma Vehicle License and
8 Registration Act, a registration fee shall be assessed at the time
9 of initial registration by the owner and annually thereafter, for
10 the use of the avenues of public access within this state in the
11 following amounts:

12 ~~1.~~

13 a. For the first through the fourth year of registration
14 in this state or any other state, Eighty-five Dollars
15 (\$85.00);

16 ~~2.~~

17 b. For the fifth through the eighth year of registration
18 in this state or any other state, Seventy-five Dollars
19 (\$75.00);

20 ~~3.~~

21 c. For the ninth through the twelfth year of registration
22 in this state or any other state, Fifty-five Dollars
23 (\$55.00);

1 B. There shall be a credit allowed with respect to the fee for
2 registration of a new vehicle which is a replacement for:

3 1. A new original vehicle which is stolen from the
4 purchaser/registrant within ninety (90) days of the date of purchase
5 of the original vehicle as certified by a police report or other
6 documentation as required by the Oklahoma Tax Commission; or

7 2. A defective new original vehicle returned by the
8 purchaser/registrant to the seller within six (6) months of the date
9 of purchase of the defective new original vehicle as certified by
10 the manufacturer.

11 The credit shall be in the amount of the fee for registration which
12 was paid for the new original vehicle and shall be applied to the
13 registration fee for the replacement vehicle. In no event will the
14 credit be refunded.

15 C. Upon every transfer or change of ownership of a vehicle, the
16 new owner shall obtain title for and, except in the case of salvage
17 vehicles and manufactured homes, register the vehicle within thirty
18 (30) days of change of ownership and pay a transfer fee of Fifteen
19 Dollars (\$15.00) in addition to any other fees provided for in this
20 act. No new decal shall be issued to the registrant. Thereafter,
21 the owner shall register the vehicle annually on the anniversary
22 date of its initial registration in this state and shall pay the
23 fees provided in subsection A of this section and receive a decal

1 evidencing such payment. Provided, used motor vehicle dealers shall
2 be exempt from the provisions of this section.

3 D. In the event the vehicle is not registered, titled and
4 tagged within thirty (30) days from the date of transfer of
5 ownership, the penalty for the failure of the owner of the vehicle
6 to register the vehicle within thirty (30) days shall be twenty-five
7 cents (\$0.25) per day, provided that in no event shall the penalty
8 exceed Twenty-five Dollars (\$25.00).

9 **SECTION 5.** AMENDATORY 68 O.S. 2001, Section 2105, is
10 amended to read as follows:

11 Section 2105. An original or a transfer certificate of title
12 shall be issued without the payment of the excise tax levied by
13 Section 2101 et seq. of this title for:

14 1. Any vehicle owned by a nonresident person who operates
15 principally in some other state but who is in Oklahoma only
16 occasionally;

17 2. Any vehicle brought into this state by a person formerly
18 living in another state, who has owned and registered the vehicle in
19 such other state of residence at least sixty (60) days prior to the
20 time it is required to be registered in this state; provided,
21 however, this paragraph shall not apply to businesses engaged in
22 renting cars without a driver;

1 3. Any vehicle registered by the State of Oklahoma, by any of
2 the political subdivisions thereof, or by a fire department
3 organized pursuant to Section 592 of Title 18 of the Oklahoma
4 Statutes to be used for the purposes of the fire department, or a
5 vehicle which is the subject of a lease or lease-purchase agreement
6 executed between the person seeking an original or transfer
7 certificate of title for the vehicle and a municipality, county,
8 school district, or fire protection district. The person seeking an
9 original or transfer certificate of title shall provide adequate
10 proof that the vehicle is subject to a lease or lease-purchase
11 agreement with a municipality, county, school district, or fire
12 protection district at the time the excise tax levied would
13 otherwise be payable. The Oklahoma Tax Commission shall have the
14 authority to determine what constitutes adequate proof as required
15 by this section;

16 4. Any vehicle, the legal ownership of which is obtained by the
17 applicant for a certificate of title by inheritance;

18 5. Any used motor vehicle, travel trailer, or commercial
19 trailer which is owned and being offered for sale by a person
20 licensed as a dealer to sell the same, under the provisions of
21 Section 1101 et seq. of Title 47 of the Oklahoma Statutes:

1 a. if such vehicle, travel trailer, or commercial trailer
2 has been registered in Oklahoma and the excise tax
3 paid thereon, or

4 b. when such vehicle, travel trailer, or commercial
5 trailer has been registered in some other state but is
6 not the latest manufactured model.

7 Provided, the provisions of this paragraph shall not be construed as
8 allowing an exemption to any person not licensed as a dealer of used
9 motor vehicles, travel trailers, or commercial trailers, or as an
10 automotive dismantler and parts recycler in this state;

11 6. Any vehicle which was purchased by a person licensed to sell
12 new or used motor vehicles in another state:

13 a. if such vehicle is not purchased for operation or
14 resale in this state, and

15 b. the state from which the dealer is licensed offers
16 reciprocal privileges to a dealer licensed in this
17 state, pursuant to a reciprocal agreement between the
18 duly authorized agent of the Tax Commission and the
19 licensing state;

20 7. Any vehicle, the ownership of which was obtained by the
21 lienholder or mortgagee under or by foreclosure of a lien or
22 mortgage in the manner provided by law or to the insurer under

1 subrogated rights arising by reason of loss under an insurance
2 contract;

3 8. Any vehicle which is taxed on an ad valorem basis;

4 9. Any vehicle or motor vehicle, the legal ownership of which
5 is obtained by transfers:

6 a. from one corporation to another corporation pursuant
7 to a reorganization. As used in this subsection the
8 term "reorganization" means:

9 (1) a statutory merger or consolidation, or

10 (2) the acquisition by a corporation of substantially
11 all of the properties of another corporation when
12 the consideration is solely all or a part of the
13 voting stock of the acquiring corporation, or of
14 its parent or subsidiary corporation,

15 b. in connection with the winding up, dissolution, or
16 liquidation of a corporation only when there is a
17 distribution in kind to the shareholders of the
18 property of such corporation,

19 c. to a corporation where the former owners of the
20 vehicle or motor vehicle transferred are, immediately
21 after the transfer, in control of the corporation, and
22 the stock or securities received by each is

- 1 substantially in proportion to the interest in the
2 vehicle or motor vehicle prior to the transfer,
- 3 d. to a partnership if the former owners of the vehicle
4 or motor vehicle transferred are, immediately after
5 the transfer, members of such partnership and the
6 interest in the partnership received by each is
7 substantially in proportion to the interest in the
8 vehicle or motor vehicle prior to the transfer,
- 9 e. from a partnership to the members thereof when made in
10 the dissolution of such partnership,
- 11 f. to a limited liability company if the former owners of
12 the vehicle or motor vehicle transferred are,
13 immediately after the transfer, members of the limited
14 liability company and the interest in the limited
15 liability company received by each is substantially in
16 proportion to the interest in the vehicle or motor
17 vehicle prior to the transfer, or
- 18 g. from a limited liability company to the members
19 thereof when made in the dissolution of such
20 partnership;

21 10. Any vehicle which is purchased by a person to be used by a
22 business engaged in renting motor vehicles without a driver,
23 provided:

- 1 a. the vehicle shall not be rented to the same person for
2 a period exceeding ninety (90) days,
- 3 b. any such vehicle exempted from the excise tax by these
4 provisions shall not be placed under any type of lease
5 agreement,
- 6 c. on any such vehicle exempted from the excise tax by
7 this subsection that is reregistered in this state,
8 without a prior sale or transfer to the persons
9 specified in divisions (1) and (2) of this
10 subparagraph, at any time prior to the expiration of
11 twelve (12) months from the date of issuance of the
12 original title, the seller shall pay immediately the
13 amount of excise tax which would have been due had
14 this exemption not been granted plus a penalty of
15 twenty percent (20%). No such excise tax or penalty
16 shall become due and payable if the vehicle is sold or
17 transferred in a condition either physical or
18 mechanical which would render it eligible for a
19 salvage title pursuant to law or if the vehicle is
20 sold and transferred in this state at any time prior
21 to the expiration of twelve (12) months:
22 (1) to the manufacturer of the vehicle or its
23 controlled financing arm, or

- 1 (2) to a factory authorized franchised new motor
2 vehicle dealer which holds a franchise of the
3 same line-make of the vehicle being purchased, or
4 d. when this exemption is claimed, the Tax Commission
5 shall issue a special title which shall restrict the
6 transfer of the title only within this state prior to
7 the expiration of twelve (12) months unless:
8 (1) payment of the excise tax plus penalty as
9 provided in this section is made,
10 (2) the sale is made to a person specified in
11 division (1) or (2) of subparagraph c of this
12 paragraph, or
13 (3) the vehicle is eligible for a salvage title.

14 For all other tax purposes vehicles herein exempted shall be
15 treated as though the excise tax has been paid;

16 11. Any vehicle of the latest manufactured model, registered
17 from a title in the name of the original manufacturer or assigned to
18 the original manufacturer and issued by any state and transferred to
19 a licensed, franchised Oklahoma motor vehicle dealer, as defined by
20 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a
21 franchise of the same line-make as the vehicle being registered;

22 12. Any new motor vehicle, registered in the name of a
23 manufacturer or dealer of new motor vehicles, for which a license

1 plate has been issued pursuant to Section 1116.1 of Title 47 of the
2 Oklahoma Statutes, if such vehicle is authorized by the manufacturer
3 or dealer for personal use by an individual. The authorization for
4 such use shall not exceed four (4) months which shall not be renewed
5 or the exemption provided by this subsection shall not be
6 applicable. The exemption provided by this subsection shall not be
7 applicable to a transfer of ownership or registration subsequent to
8 the first registration of the vehicle by a manufacturer or dealer;

9 13. Any vehicle, travel trailer, or commercial trailer of the
10 latest manufacturer model purchased by a franchised Oklahoma dealer
11 licensed to sell the same which holds a franchise of the same line-
12 make as the vehicle, travel trailer, or commercial trailer being
13 registered;

14 14. Any vehicle which is the subject of a lease or lease-
15 purchase agreement and which the ownership of such vehicle is being
16 obtained by the lessee, if the vehicle excise tax was paid at the
17 time of the initial lease or lease-purchase agreement; ~~or~~

18 15. Any vehicle which:

19 a. is purchased by a private, nonprofit organization
20 which is exempt from taxation pursuant to the
21 provisions of Section 501(c)(3) of the Internal
22 Revenue Code, 26 U.S.C., Section 501(c)(3), and which
23 is primarily funded by a fraternal or civic service

1 organization with at least one hundred local chapters
2 or clubs, and
3 b. is designed and used to provide mobile health
4 screening services to the general public at no cost to
5 the recipient, and for which no reimbursement of any
6 kind is received from any health insurance provider,
7 health maintenance organization, or governmental
8 program; or

9 16. Any vehicle owned by an individual who has been honorably
10 discharged from active service in any branch of the Armed Forces of
11 the United States or Oklahoma National Guard and who has been
12 certified by the United States Department of Veterans Affairs or its
13 successor to have a one hundred percent (100%) permanent disability
14 sustained through military action or accident resulting from disease
15 contracted while in such active service.

16 **SECTION 6.** This act shall become effective November 1, 2005.

17 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-22-05 - DO PASS,
18 As Amended and Coauthored.