

3 Senate Bill No. 610
4 As Amended

5 SENATE BILL NO. 610 - By: GUMM and ADELSON of the Senate and KIESEL
6 of the House.

7 [revenue and taxation - creating income tax credit -
8 effective date]

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

10 SECTION 1. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 2357.46 of Title 68, unless
12 there is created a duplication in numbering, reads as follows:

13 A. For tax years beginning after December 31, 2005, there shall
14 be allowed a credit against the tax imposed by Section 2355 of Title
15 68 of Oklahoma Statutes for eligible expenditures incurred by a
16 contractor and an initial homebuyer in the construction of energy
17 efficient residential property which has an initial sale price of
18 One Hundred Twenty-five Thousand Dollars (\$125,000.00) or less. The
19 amount of the credit shall be based upon the following:

20 1. For any eligible energy efficient residential property
21 constructed and certified as forty percent (40%) or more above the
22 International Energy Conservation Code 2003 and any supplement in
23 effect at the time of completion, the amount of the credit shall be
24 equal to the eligible expenses, not to exceed Four Thousand Dollars

1 (\$4,000.00) for the taxpayer who is the contractor and Two Thousand
2 Dollars (\$2,000.00) for the taxpayer who is the initial homebuyer;
3 and

4 2. For any eligible energy efficient residential property
5 constructed and certified as between twenty percent (20%) and
6 thirty-nine percent (39%) above the International Energy
7 Conservation Code 2003 and any supplement in effect at the time of
8 completion, the credit shall be equal to the eligible expenditures,
9 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who
10 is the contractor and One Thousand Dollars (\$1,000.00) for the
11 taxpayer who is the initial homebuyer.

12 B. As used in this section:

- 13 1. "Eligible expenditure" means any:
- 14 a. energy efficient heating or cooling system,
 - 15 b. insulation material or system which is specifically
16 and primarily designed to reduce the heat gain or loss
17 of a residential property when installed in or on such
18 property,
 - 19 c. exterior windows, including skylights,
 - 20 d. exterior doors, and
 - 21 e. any metal roof installed on a residential property,
22 but only if such roof has appropriate pigmented
23 coatings which are specifically and primarily designed

1 to reduce the heat gain of such dwelling unit and
2 which meet Energy Star program requirements;

3 2. "Contractor" means the taxpayer who constructed the
4 residential property or manufactured home, or if more than one
5 taxpayer qualifies as the contractor, the individual taxpayer
6 designated by the initial homebuyer as the contractor;

7 3. "Initial homebuyer" means the first taxpayer who purchases
8 the residential property after construction is complete;

9 4. "Eligible energy efficient residential property" means a
10 newly constructed residential property or manufactured home property
11 which is located in the State of Oklahoma and substantially complete
12 after December 31, 2005, and with an initial sale price of One
13 Hundred Twenty-five Thousand Dollars (\$125,000.00) or less:

14 a. for the credit provided pursuant to paragraph 1 of
15 subsection A of this section, which is certified by an
16 accredited Residential Energy Services Network
17 Provider using the Home Energy Rating System to have:

18 (1) a level of annual heating and cooling energy
19 consumption which is at least forty percent (40%)
20 below the annual level of heating and cooling
21 energy consumption or a comparable residential
22 property constructed in accordance with the
23 standards of Chapter 4 of the 2003 International

1 Energy Conservation Code, as such code is in
2 effect on the effective date of this act,
3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and
9 (3) building improvements which account for at least
10 one-fifth of the reduced annual heating and
11 cooling energy consumption levels,
12 b. for the credit provided pursuant to paragraph 2 of
13 subsection A of this section, which is certified by an
14 accredited Residential Energy Services Network
15 Provider using the Home Energy Rating System to have:
16 (1) a level of annual heating and cooling energy
17 consumption which is between twenty percent (20%)
18 and thirty-nine percent (39%) below the annual
19 level of heating and cooling energy consumption
20 or a comparable residential property constructed
21 in accordance with the standards of Chapter 4 of
22 the 2003 International Energy Conservation Code,

1 as such code is in effect on the effective date
2 of this act,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-third of the reduced
11 annual heating and cooling energy consumption
12 levels.

13 C. The credit provided for in subsection A of this section may
14 only be claimed once for the contractor of any eligible residential
15 energy efficient property during the taxable year when the property
16 is substantially complete and once for the initial homebuyer during
17 the taxable year when the property is purchased.

18 D. If the credit allowed pursuant to this section exceeds the
19 amount of income taxes due or if there are no state income taxes due
20 on the income of the taxpayer, the amount of credit allowed but not
21 used in any taxable year may be carried forward as a credit against
22 subsequent income tax liability for a period not exceeding four (4)
23 years following the qualified expenditures.

1 E. The Oklahoma Tax Commission shall promulgate rules necessary
2 to implement this act including, but not limited to, the
3 establishment of significant penalties for bad faith efforts
4 designed to suppress the initial sale price to artificially create
5 an eligible energy efficient residential property.

6 SECTION 2. This act shall become effective November 1, 2005.

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