

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

HOUSE BILL 1555

By: Jackson

AS INTRODUCED

An Act relating to revenue and taxation; authorizing income tax credit for expenditure related to certain guaranty fee; requiring payment based upon participation in certain program; limiting credit to certain income; permitting taxpayer to carry forward unused credit for certain time period; restricting claimants eligible to claim credit; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.101 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2005, every business operating within this 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 Department of Agriculture Rural Development as a guaranty fee pursuant to the obtaining of financing through a Rural Development Guaranteed Business and Industry Loan.

B. The credit authorized by this section shall only be claimed against the tax liability resulting from income generated by the small business. If an income tax return upon which this credit is claimed includes taxable income from sources other than the small business, the credit shall only be allowed to be claimed upon a percentage of the income tax liability which does not exceed the percentage of income generated by the small business as compared to the total Oklahoma adjusted gross income shown on the return. The

Oklahoma Tax Commission shall promulgate rules and prescribe forms to implement the provisions of this section.

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

SECTION 2. This act shall become effective January 1, 2006.

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