

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 1295

By: Cargill

6
7 COMMITTEE SUBSTITUTE

8 (revenue and taxation - credits against tax - credit

9 for children -

10 effective date)

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

15 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2357, is
16 amended to read as follows:

17 Section 2357. A. The withheld taxes and estimated taxes paid
18 shall be allowed as credits as provided by law.

19 B. 1. There shall be allowed as a credit against the tax
20 imposed by Section 2355 of this title the amount of tax paid another
21 state by a resident individual, as defined in paragraph 4 of Section
22 2353 of this title, upon income received as compensation for
23 personal services in such other state; provided, such credit shall
24 not be allowed with respect to any income specified in Section 114

1 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon
2 which a state is prohibited from imposing an income tax. The credit
3 shall not exceed such proportion of the tax payable under Section
4 2355 of this title as the compensation for personal services subject
5 to tax in the other state and also taxable under Section 2355 of
6 this title bears to the Oklahoma adjusted gross income as defined in
7 paragraph 13 of Section 2353 of this title.

8 2. For tax years beginning after December 31, ~~1975~~ 2007, there
9 shall be allowed to a resident individual or part-year resident
10 individual or nonresident individual member of the Armed Forces as a
11 credit against the tax imposed by Section 2355 of this title twenty
12 percent (20%) of the credit for child care expenses allowed under
13 the Internal Revenue Code of the United States or five percent (5%)
14 of the child tax credit allowed under the Internal Revenue Code,
15 whichever amount is greater. The credit shall not exceed the tax
16 imposed by Section 2355 of this title. The maximum child care
17 credit allowable on the Oklahoma income tax return shall be prorated
18 on the ratio that Oklahoma adjusted gross income bears to the
19 federal adjusted gross income.

20 C. 1. Every taxpayer who operates a manufacturing
21 establishment in the state shall be allowed a direct credit against
22 income taxes owed by such taxpayer to the state, the amount of which
23 credit shall be proportioned to the amount of gas used or consumed
24 in Oklahoma by such taxpayer in the operation of a manufacturing

1 establishment, at a rate of three (3) mills per thousand (1,000)
2 cubic feet of gas used or consumed after May 1, 1971, and during
3 each taxable year of such taxpayer provided that the credit allowed
4 herein shall not apply to the first twenty-five thousand (25,000)
5 MCF of gas used or gas used to generate electricity or consumed
6 after May 1, 1971, and during each taxable year of such taxpayer.

7 2. As used in this subsection:

8 a. "manufacturing establishment" means a plant or
9 establishment which engages in the business of working
10 raw materials into wares suitable for use or which
11 gives new shapes, new qualities or new combinations to
12 matter which has already gone through some artificial
13 process,

14 b. "gas used or consumed" shall include all natural or
15 casinghead gas used in the operation of the
16 manufacturing establishment for whatever purposes, but
17 shall not include the following:

18 (1) gas which, after being severed from the earth, is
19 subsequently injected into a formation in the
20 state for the purpose of storing, recycling,
21 repressuring or pressure maintenance,

22 (2) gas vented or flared directly into the
23 atmosphere,
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1 (3) gas used for fuel in connection with the
2 operation and development for or production of
3 oil or gas in the field where produced, and

4 (4) gas, any part of which is resold by the
5 manufacturing establishment, except as to that
6 part and quantity of the gas which is actually
7 used by the establishment and not resold, and

8 c. "one thousand (1,000) cubic feet of gas" (MCF) means
9 that quantity of gas which, measured at a pressure of
10 fifteen and twenty-five thousandths (15.025) pounds
11 per square inch absolute and at a temperature of
12 sixty-nine (69) degrees Fahrenheit, would have the
13 volume of one thousand (1,000) cubic feet.

14 D. No additions to tax shall be made in Oklahoma income tax
15 returns by reason of the recapture or restoration of credits under
16 the Internal Revenue Code, and no other credits against tax shall be
17 allowed in Oklahoma income tax returns except as follows:

18 1. Those credits provided in this section; and

19 2. Those credits authorized by ~~Sections 921 through 925 of~~
20 ~~Title 82 of the Oklahoma Statutes, or Sections 2001 2-5-101 through~~
21 ~~2008 2-5-118~~ of Title ~~63~~ 27A of the Oklahoma Statutes, which have
22 been, or may hereafter be, certified pursuant to applications
23 therefor made on or before March 22, 1971. Provided, the total
24 amount of the credits referred to in this subparagraph to be taken

1 by the taxpayer shall not exceed the certified net investment cost
2 of the facilities or processes to which such credits pertain,
3 reduced by the greater of:

4 a. the reduction in federal income tax of taxpayer as the
5 result of deducting depreciation on such facilities or
6 processes, or deducting nondepreciable costs for which
7 credit has been so certified, or

8 b. the increase in the amount of Oklahoma income tax that
9 would result if taxable income were increased by the
10 amount deducted as set forth in subparagraph a of this
11 paragraph.

12 And, provided further, that, after such credits have been exhausted,
13 taxpayer shall each year thereafter adjust taxable income by adding
14 any depreciation taken on such facilities or processes, or any
15 nondepreciable costs having been included in the net investment cost
16 allowed as credit, and which depreciation or costs have been allowed
17 as a deduction in arriving at federal taxable income for such year.

18 SECTION 2. This act shall become effective January 1, 2008.

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20 51-1-7472 CJB 03/02/07

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