

THE HOUSE OF REPRESENTATIVES  
Thursday, April 10, 2008

Committee Substitute for  
ENGROSSED  
Senate Bill No. 1799

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1799 - By: GUMM, ANDERSON AND SPARKS of the Senate and TERRILL AND JETT of the House.

An Act relating to revenue and taxation; amending Section 8, Chapter 413, O.S.L. 2005, as amended by Section 24, Chapter 44, 2nd Extraordinary Session, O.S.L. 2006 (68 O.S. Supp. 2007, Section 2357.104), which relates to income tax; modifying tax credit for specified time periods; permitting certain credits to be redeemed based on specified schedule; limiting amount of certain claims; limiting number of credits granted during certain time period; and providing an effective date.

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

1           SECTION 1.   AMENDATORY   Section 8, Chapter 413, O.S.L. 2005, as amended  
2 by Section 24, Chapter 44, 2nd Extraordinary Session, O.S.L. 2006 (68 O.S. Supp. 2007,  
3 Section 2357.104), is amended to read as follows:

4           Section 2357.104 A. For taxable years beginning after December 31, 2005, there  
5 shall be allowed a credit against the tax imposed by Section 2355 of this title equal to  
6 fifty percent (50%) of an eligible taxpayer's qualified railroad reconstruction or  
7 replacement expenditures.

8           B. ~~In no event shall~~ 1. Except as provided in paragraph 2 of this subsection, the  
9 amount of the credit ~~exceed~~ shall be limited to the product of Five Hundred Dollars

1 (\$500.00) for tax year 2007 and Two Thousand Dollars (\$2,000.00) for tax ~~years~~ year  
2 2008 and ~~beyond~~ subsequent tax years and the number of miles of railroad track owned  
3 or leased within this state by the eligible taxpayer as of the close of the taxable year.

4 2. In tax year 2009 and subsequent tax years, a taxpayer may elect to increase the  
5 limit provided in paragraph 1 of this subsection to an amount equal to three times the  
6 limit specified in paragraph 1 of this subsection for qualified expenditures made in the  
7 tax year, provided the taxpayer may only claim one third (1/3) of the credit in any one  
8 taxable period.

9 C. The credit allowed pursuant to subsection A of this section but not used shall be  
10 freely transferable, by written agreement, to subsequent transferees at any time during  
11 the five (5) years following the year of qualification. An eligible transferee shall be any  
12 taxpayer subject to the tax imposed by Section 2355 of this title. The person originally  
13 allowed the credit and the subsequent transferee shall jointly file a copy of the written  
14 credit transfer agreement with the Oklahoma Tax Commission within thirty (30) days of  
15 the transfer. The written agreement shall contain the name, address and taxpayer  
16 identification number of the parties to the transfer, the amount of credit being  
17 transferred, the year the credit was originally allowed to the transferring person and the  
18 tax year or years for which the credit may be claimed. The Tax Commission shall  
19 promulgate rules to permit verification of the timeliness of a tax credit claimed upon a  
20 tax return pursuant to this subsection but shall not promulgate any rules which unduly  
21 restrict or hinder the transfers of such tax credit. The Department of Transportation  
22 shall promulgate rules to permit verification of the eligibility of an eligible taxpayer's

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.

1 expenditures for the purpose of claiming the credit. The rules shall provide for the  
2 approval of qualified railroad reconstruction or replacement expenditures prior to  
3 commencement of a project and provide a certificate of verification upon completion of a  
4 project that uses qualified railroad reconstruction or replacement expenditures. The  
5 certificate of verification shall satisfy all requirements of the Tax Commission pertaining  
6 to the eligibility of the person claiming the credit.

7 D. Any credits allowed pursuant to the provisions of subsection-A of this section but  
8 not used in any tax year may be carried over in order to each of the five (5) years  
9 following the year of qualification.

10 E. A taxpayer who elects to increase the limitation on the credit under paragraph 2  
11 of subsection B of this section shall not be granted additional credits under subsection A  
12 of this section during the period of such election.

13 F. As used in this section:

14 1. “Class II and Class III railroad” means a railroad that is classified by the United  
15 States Surface Transportation Board as a Class II or Class III railroad;

16 2. “Eligible taxpayer” means any Class II or Class III railroad; and

17 3. “Qualified railroad reconstruction or replacement expenditures” means  
18 expenditures for:

19 a. reconstruction or replacement of railroad infrastructure including  
20 track, roadbed, bridges, industrial leads and track-related structures  
21 owned or leased by a Class II or Class III railroad as of January 1,  
22 2006, or

1           b.       new construction of industrial leads, switches, spurs and sidings and  
2                       extensions of existing sidings by a Class II or Class III railroad.

3           SECTION 2. This act shall become effective November 1, 2008.

4           COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,  
5           dated 04-09-08 - DO PASS, As Amended and Coauthored.