

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 HOUSE BILL 1751

By: Martin (Scott)

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2001, Section 2357, as amended by Section 8,
9 Chapter 136, O.S.L. 2007 (68 O.S. Supp. 2008, Section
10 2357), which relates to credits against income tax;
11 increasing amount of child care expense credit under
12 certain circumstances; providing certain eligibility
13 requirements; authorizing promulgation of rules; and
14 providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2357, as
17 amended by Section 8, Chapter 136, O.S.L. 2007 (68 O.S. Supp. 2008,
18 Section 2357), is amended to read as follows:

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

21 B. 1. There shall be allowed as a credit against the tax
22 imposed by Section 2355 of this title the amount of tax paid another
23 state by a resident individual, as defined in paragraph 4 of Section
24 2353 of this title, upon income received as compensation for
personal services in such other state; provided, such credit shall
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, 2007, there shall
9 be allowed to a resident individual or part-year resident individual
10 or nonresident individual member of the Armed Forces as a credit
11 against the tax imposed by Section 2355 of this title twenty percent
12 (20%) of the credit for child care expenses allowed under the
13 Internal Revenue Code of the United States or five percent (5%) of
14 the child tax credit allowed under the Internal Revenue Code,
15 whichever amount is greater. Provided, however, a person who
16 qualifies for the credit for child care expenses under the Internal
17 Revenue Code and the child or children who benefit from the credit
18 attend Three Star child care centers or homes, as determined by the
19 Oklahoma Department of Human Services, for more than six (6) months
20 during the calendar year shall be entitled to a credit of sixty
21 (60%) of the childcare tax credit allowed under the Internal Revenue
22 Code. The Oklahoma Tax Commission is authorized to promulgate rules
23 establishing the application of the credits for persons entitled to
24 credits for the Three Star child care program. ~~Neither~~ No credit

1 authorized by this paragraph shall exceed the tax imposed by Section
2 2355 of this title. The maximum child care credit allowable on the
3 Oklahoma income tax return shall be prorated on the ratio that
4 Oklahoma adjusted gross income bears to the federal adjusted gross
5 income. The credit authorized by this paragraph shall not be
6 claimed by any taxpayer if the federal adjusted gross income
7 reflected on the Oklahoma return for the taxpayer is in excess of
8 One Hundred Thousand Dollars (\$100,000.00).

9 C. 1. Every taxpayer who operates a manufacturing
10 establishment in the state shall be allowed a direct credit against
11 income taxes owed by such taxpayer to the state, the amount of which
12 credit shall be proportioned to the amount of gas used or consumed
13 in Oklahoma by such taxpayer in the operation of a manufacturing
14 establishment, at a rate of three (3) mills per thousand (1,000)
15 cubic feet of gas used or consumed after May 1, 1971, and during
16 each taxable year of such taxpayer provided that the credit allowed
17 herein shall not apply to the first twenty-five thousand (25,000)
18 MCF of gas used or gas used to generate electricity or consumed
19 after May 1, 1971, and during each taxable year of such taxpayer.

20 2. As used in this subsection:

21 a. "manufacturing establishment" means a plant or
22 establishment which engages in the business of working
23 raw materials into wares suitable for use or which
24 gives new shapes, new qualities or new combinations to

1 matter which has already gone through some artificial
2 process,

3 b. "gas used or consumed" shall include all natural or
4 casinghead gas used in the operation of the
5 manufacturing establishment for whatever purposes, but
6 shall not include the following:

7 (1) gas which, after being severed from the earth, is
8 subsequently injected into a formation in the
9 state for the purpose of storing, recycling,
10 repressuring or pressure maintenance,

11 (2) gas vented or flared directly into the
12 atmosphere,

13 (3) gas used for fuel in connection with the
14 operation and development for or production of
15 oil or gas in the field where produced, and

16 (4) gas, any part of which is resold by the
17 manufacturing establishment, except as to that
18 part and quantity of the gas which is actually
19 used by the establishment and not resold, and

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

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

7 1. Those credits provided in this section; and

8 2. Those credits authorized by Sections 2-5-101 through 2-5-118
9 of Title 27A of the Oklahoma Statutes, which have been, or may
10 hereafter be, certified pursuant to applications therefor made on or
11 before March 22, 1971. Provided, the total amount of the credits
12 referred to in this subparagraph to be taken by the taxpayer shall
13 not exceed the certified net investment cost of the facilities or
14 processes to which such credits pertain, reduced by the greater of:

15 a. the reduction in federal income tax of taxpayer as the
16 result of deducting depreciation on such facilities or
17 processes, or deducting nondepreciable costs for which
18 credit has been so certified, or

19 b. the increase in the amount of Oklahoma income tax that
20 would result if taxable income were increased by the
21 amount deducted as set forth in subparagraph a of this
22 paragraph.

23 And, provided further, that, after such credits have been exhausted,
24 taxpayer shall each year thereafter adjust taxable income by adding

1 any depreciation taken on such facilities or processes, or any
2 nondepreciable costs having been included in the net investment cost
3 allowed as credit, and which depreciation or costs have been allowed
4 as a deduction in arriving at federal taxable income for such year.

5 SECTION 2. This act shall become effective January 1, 2010.

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