

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1008

By: Mazzei

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; creating
8 income tax credit for certain expenditures on
9 research and development; limiting amount of credit
10 for taxpayer based on certain criteria; defining
11 terms; limiting total credit granted to specified
12 amount; providing for distribution of credit granted;
13 requiring Oklahoma Tax Commission to promulgate rules
14 and specifying certain content; providing for
15 codification; and providing an effective date.

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

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 54007 of Title 68, unless there
19 is created a duplication in numbering, reads as follows:

20 A. For taxable years beginning after December 31, 2009, there
21 shall be allowed a refundable credit against the tax imposed by
22 Section 2355 of Title 68 of the Oklahoma Statutes for an increase in
23 qualifying expenses on research and development.

24 B. The credit provided by this section shall be equal to:

1. Ten percent (10%) of the increase in expenses on research
and development for an establishment with fifty (50) or less full-

1 time-equivalent employees, as certified by the Oklahoma Employment
2 Security Commission; or

3 2. Five percent (5%) of the increase in expenses on research
4 and development for an establishment with more than fifty (50) full-
5 time-equivalent employees, as certified by the Oklahoma Employment
6 Security Commission.

7 C. As used in this section:

8 1. "Research and development" means activities which are
9 technological in nature and intended for the development of a new or
10 improved business component, including but not limited to, elements
11 of experimentation that do not involve testing for style, taste or
12 cosmetic factors. Research and development does not include
13 efficiency studies, adaptation of existing business components and
14 research after commercial production;

15 2. "Increased qualifying expenses" means any amount of
16 qualifying expenses for the immediately preceding tax year over and
17 above the amount of qualifying expenses for the prior tax year. For
18 purposes of this section, qualifying expenses shall have the same
19 meaning as "qualified research expenses" pursuant to Section 41 (b)
20 of the Internal Revenue Code.

21 D. The total credits authorized by this section shall not
22 exceed an annual amount equal to Two Million Dollars (\$2,000,000.00)
23 plus one percent (1%) of the total amount accruing to the
24 Constitutional Reserve Fund for the most recently concluded fiscal

1 year. Of the total amount authorized annually, no more than eighty
2 percent (80%) shall be granted to taxpayers claiming the credit
3 pursuant to paragraph 2 of subsection B of this section.

4 E. The Oklahoma Tax Commission shall promulgate such rules as
5 may be necessary to implement the provisions of this section,
6 including but not limited to a rule to provide for prorating the
7 total amount of credits available among all qualified claimants.

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

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