

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 3061

By: Steele

6
7 COMMITTEE SUBSTITUTE

8 [revenue and taxation - Oklahoma Tax Reduction and
9 Simplification Act - Oklahoma Income Tax Code -
10 modifying taxable years for which certain tax rates
11 applicable - tax based upon taxable income amounts
12 - reduction of individual income tax rates based
13 upon certain revenue conditions - State Board of
14 Equalization - elimination of certain individual
15 income tax credits - Oklahoma Income Tax Code with
16 respect to certain deductions and exemptions -
17 repealing sections - effective date]

18
19
20 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

21 SECTION 1. NEW LAW A new section of law not to be
22 codified in the Oklahoma Statutes reads as follows:

23 This act shall be known and may be cited as the "Oklahoma Tax
24 Reduction and Simplification Act".

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2355.1E of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. Except as otherwise provided by this section for the
5 reduction of individual income tax rates, for taxable years
6 beginning after December 31, 2012, a tax is hereby imposed upon the
7 Oklahoma taxable income of every resident or nonresident individual
8 as follows:

9 1. For the taxable years beginning January 1, 2013, and ending
10 December 31, 2014, for single persons:

11 a. 0% on taxable income not in excess of Fifteen Thousand
12 Dollars (\$15,000.00) if the taxpayer does not have
13 taxable income in excess of Fifteen Thousand Dollars
14 (\$15,000.00),

15 b. for persons with a taxable income in excess of Fifteen
16 Thousand Dollars (\$15,000.00):

17 (1) 2.25% on all taxable income equal to Fifteen
18 Thousand Dollars (\$15,000.00), plus

19 (2) 2.25% on all taxable income in excess of Fifteen
20 Thousand Dollars (\$15,000.00) but not in excess
21 of Thirty-five Thousand Dollars (\$35,000.00), and

22 c. for persons with a taxable income in excess of Thirty-
23 five Thousand Dollars (\$35,000.00):

24

- 1 (1) 3.5% on all taxable income equal to Thirty-five
- 2 Thousand Dollars (\$35,000.00), plus
- 3 (2) 3.5% on all taxable income in excess of Thirty-
- 4 five Thousand Dollars (\$35,000.00);

5 2. For the taxable years beginning January 1, 2013, and ending
6 December 31, 2014, for married persons filing a joint income tax
7 return, head of household and surviving spouse:

8 a. 0% on taxable income not in excess of Thirty Thousand
9 Dollars (\$30,000.00) if the taxpayer does not have
10 taxable income in excess of Thirty Thousand Dollars
11 (\$30,000.00),

12 b. for persons with a taxable income in excess of Thirty
13 Thousand Dollars:

14 (1) 2.25% on taxable income equal to Thirty Thousand
15 Dollars (\$30,000.00), plus

16 (2) 2.25% on taxable income in excess of Thirty
17 Thousand Dollars (\$30,000.00) but not in excess
18 of Seventy Thousand Dollars (\$70,000.00), and

19 c. for persons with a taxable income in excess of Seventy
20 Thousand Dollars (\$70,000.00):

21 (1) 3.5% on taxable income equal to Seventy Thousand
22 Dollars (\$70,000.00), plus

23 (2) 3.5% on taxable income in excess of Seventy
24 Thousand Dollars (\$70,000.00); and

1 3. For the taxable years beginning January 1, 2013, and ending
2 December 31, 2014, for married persons filing separate returns:

3 a. 0% on taxable income not in excess of Fifteen Thousand
4 Dollars (\$15,000.00) if the taxpayer does not have
5 taxable income in excess of Fifteen Thousand Dollars
6 (\$15,000.00),

7 b. for persons with a taxable income in excess of Fifteen
8 Thousand Dollars (\$15,000.00):

9 (1) 2.25% on taxable income equal to Fifteen Thousand
10 Dollars (\$15,000.00), plus

11 (2) 2.25% on taxable income in excess of Fifteen
12 Thousand Dollars (\$15,000.00), but not in excess
13 of Thirty-five Thousand Dollars (\$35,000.00), and

14 c. for persons with a taxable income in excess of Thirty-
15 five Thousand Dollars (\$35,000.00):

16 (1) 3.5% on taxable income equal to Thirty-five
17 Thousand Dollars (\$35,000.00), plus

18 (2) 3.5% on taxable income in excess of Thirty-five
19 Thousand Dollars (\$35,000.00).

20 B. For taxable years beginning on or after January 1, 2015, the
21 individual income tax rate of 3.5% otherwise authorized pursuant to
22 the provisions of divisions (1) and (2) of subparagraph c of
23 paragraphs 1, 2 and 3 of subsection A of this section may be
24 decreased in increments of twenty-five hundredths (0.25), to be

1 subtracted from such rate as of each applicable January 1 date,
2 based upon a growth in state revenue certifications, as described by
3 this section, equal to or greater than five percent (5%) including
4 the effect of revenue attributable to the standard deduction
5 authorized pursuant to Section 2358 of Title 68 of the Oklahoma
6 Statutes. Such incremental reduction may occur for any tax year
7 until the 3.5% tax rate otherwise prescribed by divisions (1) and
8 (2) of subparagraph c of paragraphs 1, 2 and 3 of subsection A of
9 this section equals zero (0).

10 C. For the first taxable year after the individual income tax
11 rate of 3.5% otherwise prescribed by divisions (1) and (2) of
12 subparagraph c of paragraphs 1, 2 and 3 of subsection A of this
13 section equals zero (0), and for each taxable year thereafter, the
14 individual income tax rate of 2.25% otherwise authorized pursuant to
15 the provisions of divisions (1) and (2) of subparagraph b of
16 paragraphs 1, 2 and 3 of subsection A of this section may be
17 decreased in increments of twenty-five hundredths (0.25), to be
18 subtracted from such rate as of each applicable January 1 date,
19 based upon a growth in state revenue certifications, as described
20 by this section, equal to or greater than five percent (5%)
21 including the effect of revenue attributable to the standard
22 deduction authorized pursuant to Section 2358 of Title 68 of the
23 Oklahoma Statutes. Such incremental reduction may occur for any tax
24 year until the 2.25% tax rate otherwise prescribed by divisions (1)

1 and (2) of subparagraph b of paragraphs 1, 2 and 3 of subsection A
2 of this section equals zero (0).

3 D. After the individual income tax rates of 2.25% and 3.5%
4 otherwise prescribed by divisions (1) and (2) of subparagraphs b and
5 c of paragraphs 1, 2 and 3 of subsection A of this section,
6 respectively, have been reduced to zero (0), the State of Oklahoma
7 shall not impose any income tax on the taxable income of
8 individuals.

9 E. In addition to any other duties prescribed by law, at the
10 meeting required by paragraph 1 of Section 23 of Article X of the
11 Oklahoma Constitution to be held in December 2013, and for any
12 subsequent December meeting of the State Board of Equalization until
13 the individual income tax rates otherwise prescribed by both
14 divisions (1) and (2) of subparagraphs b and c of paragraphs 1, 2
15 and 3 of subsection A of this section have been reduced to zero (0),
16 the State Board of Equalization shall determine:

17 1. The amount of revenue growth in the General Revenue Fund of
18 the State Treasury by comparing the fiscal year General Revenue Fund
19 estimate for the fiscal year beginning on the next ensuing July 1
20 date to the revised General Revenue Fund estimate for the then
21 current fiscal year; and

22 2. The amount by which the income tax revenue for the tax year
23 which will begin on the second January 1 date following such
24 December meeting is estimated to be reduced by the increase in the

1 standard deduction provided in Section 2358 of Title 68 of the
2 Oklahoma Statutes, plus an amount equal to five percent (5%) of the
3 revised General Revenue Fund estimate for the then current fiscal
4 year in order for the applicable reduction of an individual income
5 tax rate required by subsection B or subsection C of this section to
6 occur.

7 If the amount determined pursuant to the provisions of paragraph
8 1 of this subsection is equal to or greater than the amount
9 determined pursuant to the provisions of paragraph 2 of this
10 subsection, the Board shall make a preliminary finding that the
11 Board anticipates that a finding will be made at the February
12 meeting immediately subsequent to the December meeting that
13 applicable revenue growth in the state will authorize the
14 implementation of the reduction in the applicable individual income
15 tax rate required by subsection B or subsection C of this section
16 beginning on the second January 1 following such December meeting.

17 If the amount determined pursuant to the provisions of paragraph
18 1 of this subsection is less than the amount determined pursuant to
19 the provisions of paragraph 2 of this subsection, the Board shall
20 make a preliminary finding that the Board anticipates that a finding
21 will be made at the February meeting immediately subsequent to the
22 December meeting that applicable revenue growth in the state will
23 not authorize the implementation of the reduction in the applicable
24 individual income tax rate required by subsection B or subsection C

1 of this section beginning on the second January 1 following such
2 December meeting.

3 F. In addition to any other duties prescribed by law, at the
4 meeting required by paragraph 3 of Section 23 of Article X of the
5 Oklahoma Constitution to be held in February 2014, and for any
6 subsequent February meeting of the State Board of Equalization if
7 the individual income tax rates prescribed by divisions (1) and (2)
8 of subparagraphs b and c of paragraphs 1, 2 and 3 of subsection A of
9 this section have not been reduced to zero (0), the State Board of
10 Equalization shall determine:

11 1. The amount of revenue growth in the General Revenue Fund of
12 the State Treasury by comparing the fiscal year General Revenue Fund
13 estimate for the fiscal year beginning on the next ensuing July 1
14 date to the revised General Revenue Fund estimate for the then
15 current fiscal year; and

16 2. The amount by which the income tax revenue for the tax year
17 which will begin on the January 1 date immediately following such
18 February meeting is estimated to be reduced by the increase in the
19 standard deduction authorized by Section 2358 of Title 68 of the
20 Oklahoma Statutes plus an amount equal to five percent (5%) of the
21 revised General Revenue Fund estimate for the then current fiscal
22 year in order for the applicable reduction of an individual income
23 tax rate required by subsection B or subsection C of this section to
24 occur.

1 If the amount determined pursuant to the provisions of paragraph
2 1 of this subsection is equal to or greater than the amount
3 determined pursuant to the provisions of paragraph 2 of this
4 subsection, the Board shall make a finding that applicable revenue
5 growth in the state will authorize the reduction of the applicable
6 individual income tax rate otherwise authorized by divisions (1) and
7 (2) of subparagraph b or c of paragraph 1, 2 or 3 of subsection A of
8 this section beginning on the January 1 date immediately following
9 such February meeting.

10 If the amount determined pursuant to the provisions of paragraph
11 1 of this subsection is less than the amount determined pursuant to
12 the provisions of paragraph 2 of this subsection, the Board shall
13 make a finding that applicable revenue growth in the state does not
14 authorize the reduction of the applicable individual income tax rate
15 otherwise authorized by divisions (1) and (2) of subparagraph b or c
16 of paragraph 1, 2 or 3 of subsection A of this section beginning
17 with the January 1 date immediately following such February meeting.

18 G. If the Board makes a finding that applicable revenue growth
19 in the state does not authorize the reduction of the applicable
20 individual income tax rate otherwise authorized pursuant to either
21 division (1) or (2) of subparagraph b or c of paragraph 1, 2 or 3 of
22 subsection A of this section beginning with calendar year 2015
23 pursuant to the provisions of subsection B or subsection C of this
24 section, the procedures prescribed by this section shall be repeated

1 by the State Board of Equalization for each successive two-year
2 comparison.

3 H. Once the income tax rate otherwise authorized pursuant to
4 divisions (1) and (2) of subparagraph b or c of paragraphs 1, 2 and
5 3 of subsection A of this section has been implemented as a result
6 of the analysis of the General Revenue Fund estimates together with
7 the fiscal impact of the standard deduction as authorized pursuant
8 to Section 2358 of Title 68 of the Oklahoma Statutes, such income
9 tax rate shall be in effect for the tax years as prescribed by
10 subsection B or subsection C of this section.

11 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2353, is
12 amended to read as follows:

13 Section 2353. For the purpose of and when used in Section 2351
14 et seq. of this title, unless the context otherwise requires:

15 1. "Tax Commission" means the Oklahoma Tax Commission;

16 2. "Internal Revenue Code" means the United States Internal
17 Revenue Code, as the same may be amended or adopted from time to
18 time applicable to the taxable year; and other provisions of the
19 laws of the United States relating to federal income taxes, as the
20 same may be or become effective at any time or from time to time
21 applicable to the taxable year;

22 3. Any term used in Section 2351 et seq. of this title shall
23 have the same meaning as when used in a comparable context in the
24 Internal Revenue Code, unless a different meaning is clearly

1 required. For all taxable periods covered by Section 2351 et seq.
2 of this title, the tax status and all elections of all taxpayers
3 covered by Section 2351 et seq. of this title shall be the same for
4 all purposes material hereto as they are for federal income tax
5 purposes except when Section 2351 et seq. of this title specifically
6 provides otherwise;

7 4. "Resident individual" means a natural person who is
8 domiciled in this state, and any other natural person who spends in
9 the aggregate more than seven (7) months of the taxable year within
10 this state shall be presumed to be a resident for purposes of
11 Section 2351 et seq. of this title in absence of proof to the
12 contrary. A natural person who resides less than seven (7) months
13 of the taxable year within this state is presumed to be a "part-year
14 resident individual" for purposes of the Oklahoma Income Tax Code,
15 Section 2351 et seq. of this title, in absence of proof to the
16 contrary. A "nonresident individual" means an individual other than
17 a resident individual or a part-year resident individual.

18 For all tax years beginning after December 31, 1981, a
19 nonresident individual, with respect to foreign earned income and
20 deductions, shall include an individual who:

21 a. during any period of twenty-four (24) consecutive
22 months is out of the United States at least five
23 hundred fifty (550) days,

24

- 1 b. during such period referred to in subparagraph a of
2 this paragraph is not present in this state for more
3 than ninety (90) days during any taxable year,
4 c. during any period of less than an entire taxable year,
5 which period is contained within the period referred
6 to in subparagraph a of this paragraph, is not present
7 in this state for a number of days in excess of an
8 amount which bears the same ratio to ninety (90) days
9 as the number of days contained in the period of less
10 than an entire taxable year bears to three hundred
11 sixty-five (365), and
12 d. during such period referred to in subparagraph a of
13 this paragraph does not maintain a permanent place of
14 abode in this state at which the spouse of the
15 individual, unless such spouse is legally separated,
16 or minor children of the individual are present for
17 more than one hundred eighty (180) days;

18 5. "Resident estate" means the estate of a decedent who at
19 death was domiciled in this state. "Nonresident estate" means an
20 estate other than a resident estate;

21 6. "Resident trust" means:

- 22 a. a trust, or a portion of a trust, consisting of
23 property transferred by will of a decedent domiciled
24 in this state at death, or a trust, or a portion of a

1 trust, consisting of the property of a person
2 domiciled in this state if such trust is not
3 irrevocable, and

4 b. a trust, or portion of a trust, consisting of property
5 of a person domiciled in this state at the time such
6 property was transferred to the trust if such trust or
7 portion was then irrevocable or a person domiciled in
8 this state at the time such trust or portion became
9 irrevocable. A trust, or portion of a trust, is
10 irrevocable if it is not subject to a power
11 exercisable solely by the transferor of such property,
12 at any time, to revest title in the transferor.

13 "Nonresident trust" means a trust other than a
14 resident trust;

15 7. "Resident partner" means a partner who is a resident
16 individual, a resident estate, a resident trust or a resident
17 corporation. "Nonresident partner" means a partner other than a
18 resident partner;

19 8. "Resident beneficiary" means a beneficiary of an estate or
20 trust which beneficiary is a resident individual, a resident estate,
21 a resident trust or a resident corporation. "Nonresident
22 beneficiary" means a beneficiary other than a resident beneficiary;

23 9. "Resident corporation" means a corporation whose principal
24 place of business is located within the State of Oklahoma.

1 "Nonresident corporation" means any corporation other than a
2 resident corporation;

3 10. "Taxable income" with respect to any taxpayer means the
4 "taxable income", "life insurance company taxable income", "mutual
5 insurance company taxable income", "(regulated) investment company
6 taxable income", "real estate investment trust taxable income", and
7 "cooperatives' taxable income" and any other "taxable income" as
8 defined in the Internal Revenue Code as applies to such taxpayer or
9 any other income of such taxpayer including, but not limited to,
10 lump sum distributions as defined by the Internal Revenue Code of
11 1986, as amended; provided, in the case of income derived from oil
12 and gas well production, any taxpayer, other than an individual
13 person, at his or her the option of the taxpayer, may deduct as an
14 allowance for depletion, in lieu of other calculation of depletion
15 based on the cost of the oil and gas deposit, twenty-two percent
16 (22%) of the gross income derived from the properties during the
17 taxable year. Provided further, for tax years beginning on or after
18 January 1, 1997, and ending on or before December 31, 1999, and for
19 tax years beginning on or after January 1, 2001, and ending on or
20 before December 31, 2011, for major oil companies as defined in
21 Section 288.2 of Title 52 of the Oklahoma Statutes, such allowance
22 shall not exceed fifty percent (50%) of the net income of the
23 taxpayer (computed without allowance for depletion) from the
24 property. During taxable years other than those specified herein,

1 for all taxpayers, other than an individual, such allowance shall
2 not exceed fifty percent (50%) of the net income of the taxpayer
3 (computed without allowance for depletion) from the property. If a
4 depletion allowance is allowed as a deduction in arriving at ~~the~~
5 ~~adjusted gross income in the case of an individual, or~~ taxable
6 income for corporations and trusts, or distributable income of
7 partnerships by the Internal Revenue Service, the percentage
8 depletion so calculated shall in no event be a duplication of
9 depletion allowed on the Federal Income Tax Return;

10 11. "Adjusted gross income" means "adjusted gross income" as
11 defined in the Internal Revenue Code;

12 12. "Oklahoma taxable income" means "taxable income" as
13 reported (or as would have been reported by the taxpayer had a
14 return been filed) to the federal government, and in the event of
15 adjustments thereto by the federal government as finally ascertained
16 under the Internal Revenue Code, adjusted further as hereinafter
17 provided;

18 13. "Oklahoma adjusted gross income" means "adjusted gross
19 income" as reported to the federal government (or as would have been
20 reported by the taxpayer had a return been filed), or in the event
21 of adjustments thereby by the federal government as finally
22 ascertained under the Internal Revenue Code, adjusted further as
23 hereinafter provided;

24

1 14. "State" means any state of the United States, the District
2 of Columbia, the Commonwealth of Puerto Rico, any territory or
3 possession of the United States or any political subdivision
4 thereof; and

5 15. "Taxpayer" means any person subject to a tax imposed by
6 this Article, or whose income is, in whole or in part, subject to a
7 tax imposed by any provision of this article.

8 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2355, is
9 amended to read as follows:

10 Section 2355. A. Individuals. For all taxable years beginning
11 after December 31, 1998 and before January 1, 2006, a tax is hereby
12 imposed upon the Oklahoma taxable income of every resident or
13 nonresident individual, which tax shall be computed at the option of
14 the taxpayer under one of the two following methods:

15 1. METHOD 1.

16 a. Single individuals and married individuals filing
17 separately not deducting federal income tax:

- 18 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 19 (2) 1% tax on next \$1,500.00 or part thereof,
- 20 (3) 2% tax on next \$1,250.00 or part thereof,
- 21 (4) 3% tax on next \$1,150.00 or part thereof,
- 22 (5) 4% tax on next \$1,300.00 or part thereof,
- 23 (6) 5% tax on next \$1,500.00 or part thereof,
- 24 (7) 6% tax on next \$2,300.00 or part thereof, and

- 1 (8) (a) for taxable years beginning after December
2 31, 1998, and before January 1, 2002, 6.75%
3 tax on the remainder,
4 (b) for taxable years beginning on or after
5 January 1, 2002, and before January 1, 2004,
6 7% tax on the remainder, and
7 (c) for taxable years beginning on or after
8 January 1, 2004, 6.65% tax on the remainder.

9 b. Married individuals filing jointly and surviving
10 spouse to the extent and in the manner that a
11 surviving spouse is permitted to file a joint return
12 under the provisions of the Internal Revenue Code and
13 heads of households as defined in the Internal Revenue
14 Code not deducting federal income tax:

- 15 (1) 1/2% tax on first \$2,000.00 or part thereof,
16 (2) 1% tax on next \$3,000.00 or part thereof,
17 (3) 2% tax on next \$2,500.00 or part thereof,
18 (4) 3% tax on next \$2,300.00 or part thereof,
19 (5) 4% tax on next \$2,400.00 or part thereof,
20 (6) 5% tax on next \$2,800.00 or part thereof,
21 (7) 6% tax on next \$6,000.00 or part thereof, and
22 (8) (a) for taxable years beginning after December
23 31, 1998, and before January 1, 2002, 6.75%
24 tax on the remainder,

- 1 (b) for taxable years beginning on or after
2 January 1, 2002, and before January 1, 2004,
3 7% tax on the remainder, and
4 (c) for taxable years beginning on or after
5 January 1, 2004, 6.65% tax on the remainder.

6 2. METHOD 2.

7 a. Single individuals and married individuals filing
8 separately deducting federal income tax:

- 9 (1) 1/2% tax on first \$1,000.00 or part thereof,
10 (2) 1% tax on next \$1,500.00 or part thereof,
11 (3) 2% tax on next \$1,250.00 or part thereof,
12 (4) 3% tax on next \$1,150.00 or part thereof,
13 (5) 4% tax on next \$1,200.00 or part thereof,
14 (6) 5% tax on next \$1,400.00 or part thereof,
15 (7) 6% tax on next \$1,500.00 or part thereof,
16 (8) 7% tax on next \$1,500.00 or part thereof,
17 (9) 8% tax on next \$2,000.00 or part thereof,
18 (10) 9% tax on next \$3,500.00 or part thereof, and
19 (11) 10% tax on the remainder.

20 b. Married individuals filing jointly and surviving
21 spouse to the extent and in the manner that a
22 surviving spouse is permitted to file a joint return
23 under the provisions of the Internal Revenue Code and
24

1 heads of households as defined in the Internal Revenue
2 Code deducting federal income tax:

- 3 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 4 (2) 1% tax on the next \$3,000.00 or part thereof,
- 5 (3) 2% tax on the next \$2,500.00 or part thereof,
- 6 (4) 3% tax on the next \$1,400.00 or part thereof,
- 7 (5) 4% tax on the next \$1,500.00 or part thereof,
- 8 (6) 5% tax on the next \$1,600.00 or part thereof,
- 9 (7) 6% tax on the next \$1,250.00 or part thereof,
- 10 (8) 7% tax on the next \$1,750.00 or part thereof,
- 11 (9) 8% tax on the next \$3,000.00 or part thereof,
- 12 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 13 (11) 10% tax on the remainder.

14 B. Individuals. For all taxable years beginning on or after
15 January 1, 2008, and ending not later than December 31, 2012, a tax
16 is hereby imposed upon the Oklahoma taxable income of every resident
17 or nonresident individual, which tax shall be computed as follows:

18 1. Single individuals and married individuals filing
19 separately:

- 20 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 21 (b) 1% tax on next \$1,500.00 or part thereof,
- 22 (c) 2% tax on next \$1,250.00 or part thereof,
- 23 (d) 3% tax on next \$1,150.00 or part thereof,
- 24 (e) 4% tax on next \$2,300.00 or part thereof,

- 1 (f) 5% tax on next \$1,500.00 or part thereof, and
2 (g) ~~5.50% tax on the remainder for the 2008 tax year and~~
3 ~~any subsequent tax year unless the rate prescribed by~~
4 ~~subparagraph (h) of this paragraph is in effect, and~~
5 ~~(h)~~ 5.25% tax on the remainder for the 2009 and subsequent
6 tax years ending not later than December 31, 2012.

7 ~~The decrease in the top marginal individual income tax~~
8 ~~rate otherwise authorized by this subparagraph shall~~
9 ~~be contingent upon the determination required to be~~
10 ~~made by the State Board of Equalization pursuant to~~
11 ~~Section 2355.1A of this title.~~

12 2. Married individuals filing jointly and surviving spouse to
13 the extent and in the manner that a surviving spouse is permitted to
14 file a joint return under the provisions of the Internal Revenue
15 Code and heads of households as defined in the Internal Revenue
16 Code:

- 17 (a) 1/2% tax on first \$2,000.00 or part thereof,
18 (b) 1% tax on next \$3,000.00 or part thereof,
19 (c) 2% tax on next \$2,500.00 or part thereof,
20 (d) 3% tax on next \$2,300.00 or part thereof,
21 (e) 4% tax on next \$2,400.00 or part thereof,
22 (f) 5% tax on next \$2,800.00 or part thereof, and

1 (g) ~~5.50% tax on the remainder for the 2008 tax year and~~
2 ~~any subsequent tax year unless the rate prescribed by~~
3 ~~subparagraph (h) of this paragraph is in effect, and~~
4 ~~(h)~~ 5.25% tax on the remainder for the 2009 and subsequent
5 tax years ending not later than December 31, 2012.
6 ~~The decrease in the top marginal individual income tax~~
7 ~~rate otherwise authorized by this subparagraph shall~~
8 ~~be contingent upon the determination required to be~~
9 ~~made by the State Board of Equalization pursuant to~~
10 ~~Section 2355.1A of this title.~~

11 No deduction for federal income taxes paid shall be allowed to
12 any taxpayer to arrive at taxable income.

13 C. Nonresident aliens. In lieu of the rates ~~set forth in~~
14 ~~subsection A above~~ prescribed by Section 2 of this act, there shall
15 be imposed on nonresident aliens, as defined in the Internal Revenue
16 Code, a tax of eight percent (8%) instead of thirty percent (30%) as
17 used in the Internal Revenue Code, with respect to the Oklahoma
18 taxable income of such nonresident aliens as determined under the
19 provision of the Oklahoma Income Tax Act.

20 Every payer of amounts covered by this subsection shall deduct
21 and withhold from such amounts paid each payee an amount equal to
22 eight percent (8%) thereof. Every payer required to deduct and
23 withhold taxes under this subsection shall for each quarterly period
24 on or before the last day of the month following the close of each

1 such quarterly period, pay over the amount so withheld as taxes to
2 the Tax Commission, and shall file a return with each such payment.
3 Such return shall be in such form as the Tax Commission shall
4 prescribe. Every payer required under this subsection to deduct and
5 withhold a tax from a payee shall, as to the total amounts paid to
6 each payee during the calendar year, furnish to such payee, on or
7 before January 31, of the succeeding year, a written statement
8 showing the name of the payer, the name of the payee and the payee's
9 social security account number, if any, the total amount paid
10 subject to taxation, and the total amount deducted and withheld as
11 tax and such other information as the Tax Commission may require.
12 Any payer who fails to withhold or pay to the Tax Commission any
13 sums herein required to be withheld or paid shall be personally and
14 individually liable therefor to the State of Oklahoma.

15 D. Corporations. For all taxable years beginning after
16 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
17 income of every corporation doing business within this state or
18 deriving income from sources within this state in an amount equal to
19 six percent (6%) thereof.

20 There shall be no additional Oklahoma income tax imposed on
21 accumulated taxable income or on undistributed personal holding
22 company income as those terms are defined in the Internal Revenue
23 Code.

24

1 E. Certain foreign corporations. In lieu of the tax imposed in
2 the first paragraph of subsection C of this section, for all taxable
3 years beginning after December 31, 1989, there shall be imposed on
4 foreign corporations, as defined in the Internal Revenue Code, a tax
5 of six percent (6%) instead of thirty percent (30%) as used in the
6 Internal Revenue Code, where such income is received from sources
7 within Oklahoma, in accordance with the provisions of the Internal
8 Revenue Code and the Oklahoma Income Tax Act.

9 Every payer of amounts covered by this subsection shall deduct
10 and withhold from such amounts paid each payee an amount equal to
11 six percent (6%) thereof. Every payer required to deduct and
12 withhold taxes under this subsection shall for each quarterly period
13 on or before the last day of the month following the close of each
14 such quarterly period, pay over the amount so withheld as taxes to
15 the Tax Commission, and shall file a return with each such payment.
16 Such return shall be in such form as the Tax Commission shall
17 prescribe. Every payer required under this subsection to deduct and
18 withhold a tax from a payee shall, as to the total amounts paid to
19 each payee during the calendar year, furnish to such payee, on or
20 before January 31, of the succeeding year, a written statement
21 showing the name of the payer, the name of the payee and the payee's
22 social security account number, if any, the total amounts paid
23 subject to taxation, the total amount deducted and withheld as tax
24 and such other information as the Tax Commission may require. Any

1 payer who fails to withhold or pay to the Tax Commission any sums
2 herein required to be withheld or paid shall be personally and
3 individually liable therefor to the State of Oklahoma.

4 F. Fiduciaries. A tax is hereby imposed upon the Oklahoma
5 taxable income of every trust and estate at the same rates as are
6 provided in subsection B of this section for single individuals.
7 Fiduciaries are not allowed a deduction for any federal income tax
8 paid.

9 G. Tax rate tables. For all taxable years beginning after
10 December 31, ~~1991~~ 2012, in lieu of the tax imposed by ~~subsection A~~
11 ~~or B of this section, as applicable~~ Section 2 of this act there is
12 hereby imposed for each taxable year on the taxable income of every
13 individual, whose taxable income for such taxable year does not
14 exceed the ceiling amount, a tax determined under tables, applicable
15 to such taxable year which shall be prescribed by the Tax Commission
16 and which shall be in such form as it determines appropriate. In
17 the table so prescribed, the amounts of the tax shall be computed on
18 the basis of the rates prescribed by ~~subsections A and B~~ Section 2
19 of this ~~section~~ act. For purposes of this subsection, the term
20 "ceiling amount" means, with respect to any taxpayer, the amount
21 determined by the Tax Commission for the tax rate category in which
22 such taxpayer falls.

23 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357, is
24 amended to read as follows:

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

3 B. ~~1.~~ There shall be allowed as a credit against the tax
4 imposed by Section 2355 of this title the amount of tax paid another
5 state by a resident individual, as defined in paragraph 4 of Section
6 2353 of this title, upon income received as compensation for
7 personal services in such other state; provided, such credit shall
8 not be allowed with respect to any income specified in Section 114
9 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon
10 which a state is prohibited from imposing an income tax. The credit
11 shall not exceed such proportion of the tax payable under Section
12 2355 of this title as the compensation for personal services subject
13 to tax in the other state and also taxable under Section 2355 of
14 this title bears to the Oklahoma adjusted gross income as defined in
15 paragraph 13 of Section 2353 of this title.

16 ~~2. For tax years beginning after December 31, 2007, there shall~~
17 ~~be allowed to a resident individual or part-year resident individual~~
18 ~~or nonresident individual member of the Armed Forces as a credit~~
19 ~~against the tax imposed by Section 2355 of this title twenty percent~~
20 ~~(20%) of the credit for child care expenses allowed under the~~
21 ~~Internal Revenue Code of the United States or five percent (5%) of~~
22 ~~the child tax credit allowed under the Internal Revenue Code,~~
23 ~~whichever amount is greater. Neither credit authorized by this~~
24 ~~paragraph shall exceed the tax imposed by Section 2355 of this~~

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

8 ~~C. 1. Except as otherwise provided by paragraph 3 of this~~
9 ~~subsection, 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 e. ~~"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~~
24

1 ~~sixty-nine (69) degrees Fahrenheit, would have the~~
2 ~~volume of one thousand (1,000) cubic feet.~~

3 ~~3. No credit otherwise authorized by the provisions of this~~
4 ~~subsection may be claimed for any event, transaction, investment,~~
5 ~~expenditure or other act occurring on or after July 1, 2010, for~~
6 ~~which the credit would otherwise be allowable. The provisions of~~
7 ~~this paragraph shall cease to be operative on July 1, 2012.~~
8 ~~Beginning July 1, 2012, the credit authorized by this subsection may~~
9 ~~be claimed for any event, transaction, investment, expenditure or~~
10 ~~other act occurring on or after July 1, 2012, according to the~~
11 ~~provisions of this subsection.~~

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

- 16 1. Those credits provided in this section; and
- 17 2. Those credits authorized by Sections 2-5-101 through 2-5-118
18 of Title 27A of the Oklahoma Statutes, which have been, or may
19 hereafter be, certified pursuant to applications therefor made on or
20 before March 22, 1971. Provided, the total amount of the credits
21 referred to in this ~~subparagraph~~ paragraph to be taken by the
22 taxpayer shall not exceed the certified net investment cost of the
23 facilities or processes to which such credits pertain, reduced by
24 the greater of:

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

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

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

15 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.22, is
16 amended to read as follows:

17 Section 2357.22 A. For tax years beginning ~~before~~ after
18 January 1, ~~2015~~ 2013, and ending not later than December 31, 2014,
19 there shall be allowed a one-time credit against the income tax
20 imposed by Section 2355 of this title

21 ~~1. For~~ for investments in qualified clean-burning motor vehicle
22 fuel property placed in service after December 31, ~~1990~~ 2012; ~~and~~

23 ~~2. For investments in qualified electric motor vehicle property~~
24 ~~placed in service after December 31, 1995, and before July 1, 2010.~~

1 B. As used in this section, "qualified clean-burning motor
2 vehicle fuel property" means:

3 1. Equipment installed to modify a motor vehicle which is
4 propelled by gasoline or diesel fuel so that the vehicle may be
5 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
6 natural gas or liquefied petroleum gas; provided, equipment
7 installed on a vehicle propelled by a hydrogen fuel cell shall only
8 be eligible for tax year 2010. The equipment covered by this
9 paragraph must be new and must not have been previously used to
10 modify or retrofit any vehicle propelled by gasoline or diesel fuel;

11 2. A motor vehicle originally equipped so that the vehicle may
12 be propelled by a hydrogen fuel cell, compressed natural gas,
13 liquefied natural gas or liquefied petroleum gas but only to the
14 extent of the portion of the basis of such motor vehicle which is
15 attributable to the storage of such fuel, the delivery to the engine
16 of such motor vehicle of such fuel, and the exhaust of gases from
17 combustion of such fuel. A motor vehicle originally equipped so
18 that the vehicle may be propelled by a hydrogen fuel cell shall only
19 be eligible for tax year 2010;

20 3. Property, not including a building and its structural
21 components, which is:

22 a. directly related to the delivery of compressed natural
23 gas, liquefied natural gas or liquefied petroleum gas,
24 or hydrogen, for commercial purposes or for a fee or

1 charge, into the fuel tank of a motor vehicle
2 propelled by such fuel including compression equipment
3 and storage tanks for such fuel at the point where
4 such fuel is so delivered but only if such property is
5 not used to deliver such fuel into any other type of
6 storage tank or receptacle and such fuel is not used
7 for any purpose other than to propel a motor vehicle,
8 or

9 b. a metered-for-fee, public access recharging system for
10 motor vehicles propelled in whole or in part by
11 electricity. The property covered by this paragraph
12 must be new, and must not have been previously
13 installed or used to refuel vehicles powered by
14 compressed natural gas, liquefied natural gas or
15 liquefied petroleum gas, hydrogen or electricity.

16 Any property covered by this paragraph which is related to the
17 delivery of hydrogen into the fuel tank of a motor vehicle shall
18 only be eligible for tax year 2010; or

19 4. Property which is directly related to the compression and
20 delivery of natural gas from a private home or residence, for
21 noncommercial purposes, into the fuel tank of a motor vehicle
22 propelled by compressed natural gas. The property covered by this
23 paragraph must be new and must not have been previously installed or
24 used to refuel vehicles powered by natural gas.

1 C. ~~As used in this section, "qualified electric motor vehicle~~
2 ~~property" means a motor vehicle originally equipped to be propelled~~
3 ~~only by electricity; provided, if a motor vehicle is also equipped~~
4 ~~with an internal combustion engine, then such vehicle shall be~~
5 ~~considered "qualified electric motor vehicle property" only to the~~
6 ~~extent of the portion of the basis of such motor vehicle which is~~
7 ~~attributable to the propulsion of the vehicle by electricity. The~~
8 ~~term "qualified electric motor vehicle property" shall not apply to~~
9 ~~vehicles known as "golf carts", "go carts" and other motor vehicles~~
10 ~~which are manufactured principally for use off the streets and~~
11 ~~highways.~~

12 ~~D.~~ As used in this section, "motor vehicle" means a motor
13 vehicle originally designed by the manufacturer to operate lawfully
14 and principally on streets and highways.

15 ~~E.~~ D. The credit provided for in subsection A of this section
16 shall be as follows:

17 1. For the qualified clean-burning motor vehicle fuel property
18 defined in paragraph 1 or 2 of subsection B of this section ~~and for~~
19 ~~the qualified electric motor vehicle property, fifty percent (50%)~~
20 of the cost of the qualified clean-burning motor vehicle fuel
21 property ~~or qualified electric motor vehicle property;~~

22 2. For qualified clean-burning motor vehicle fuel property
23 defined in paragraph 3 of subsection B of this section, a per-

24

1 location credit of seventy-five percent (75%) of the cost of the
2 qualified clean-burning motor vehicle fuel property; and

3 3. For qualified clean-burning motor vehicle fuel property
4 defined in paragraph 4 of subsection B of this section, a per-
5 location credit of the lesser of fifty percent (50%) of the cost of
6 the qualified clean-burning motor vehicle fuel property or Two
7 Thousand Five Hundred Dollars (\$2,500.00).

8 ~~F.~~ E. In cases where no credit has been claimed pursuant to
9 paragraph 1 of subsection ~~E~~ D of this section by any prior owner
10 and in which a motor vehicle is purchased by a taxpayer with
11 qualified clean-burning motor vehicle fuel property ~~or qualified~~
12 ~~electric motor vehicle property~~ installed by the manufacturer of
13 such motor vehicle and the taxpayer is unable or elects not to
14 determine the exact basis which is attributable to such property,
15 the taxpayer may claim a credit in an amount not exceeding the
16 lesser of ten percent (10%) of the cost of the motor vehicle or One
17 Thousand Five Hundred Dollars (\$1,500.00).

18 ~~G.~~ F. If the tax credit allowed pursuant to subsection A of
19 this section exceeds the amount of income taxes due or if there are
20 no state income taxes due on the income of the taxpayer, the amount
21 of the credit not used as an offset against the income taxes of a
22 taxable year may be carried forward as a credit against subsequent
23 income tax liability for a period not to exceed five (5) years.

24

1 ~~H.~~ G. A husband and wife who file separate returns for a
2 taxable year in which they could have filed a joint return may each
3 claim only one-half (1/2) of the tax credit that would have been
4 allowed for a joint return.

5 ~~I.~~ H. The Oklahoma Tax Commission is herein empowered to
6 promulgate rules by which the purpose of this section shall be
7 administered, including the power to establish and enforce penalties
8 for violations thereof.

9 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2358, is
10 amended to read as follows:

11 Section 2358. For all tax years beginning after December 31,
12 ~~1981~~ 2012, taxable income and adjusted gross income shall be
13 adjusted to arrive at Oklahoma taxable income and Oklahoma adjusted
14 gross income as required by this section.

15 A. The taxable income of any taxpayer shall be adjusted to
16 arrive at Oklahoma taxable income for corporations and Oklahoma
17 adjusted gross income for individuals, as follows:

18 1. There shall be added interest income on obligations of any
19 state or political subdivision thereto which is not otherwise
20 exempted pursuant to other laws of this state, to the extent that
21 such interest is not included in taxable income and adjusted gross
22 income.

23 2. There shall be deducted amounts included in such income that
24 the state is prohibited from taxing because of the provisions of the

1 Federal Constitution, the State Constitution, federal laws or laws
2 of Oklahoma.

3 3. The amount of any federal net operating loss deduction for
4 any entity other than an individual shall be adjusted as follows:

5 a. For carryovers and carrybacks to taxable years
6 beginning before January 1, 1981, the amount of any
7 net operating loss deduction allowed to a taxpayer for
8 federal income tax purposes shall be reduced to an
9 amount which is the same portion thereof as the loss
10 from sources within this state, as determined pursuant
11 to this section and Section 2362 of this title, for
12 the taxable year in which such loss is sustained is of
13 the total loss for such year;

14 b. For carryovers and carrybacks to taxable years
15 beginning after December 31, 1980, the amount of any
16 net operating loss deduction allowed for the taxable
17 year shall be an amount equal to the aggregate of the
18 Oklahoma net operating loss carryovers and carrybacks
19 to such year. Oklahoma net operating losses shall be
20 separately determined by reference to Section 172 of
21 the Internal Revenue Code, 26 U.S.C., Section 172, as
22 modified by the Oklahoma Income Tax Act, Section 2351
23 et seq. of this title, and shall be allowed without
24 regard to the existence of a federal net operating

1 loss. For tax years beginning after December 31,
2 2000, and ending before January 1, 2008, the years to
3 which such losses may be carried shall be determined
4 solely by reference to Section 172 of the Internal
5 Revenue Code, 26 U.S.C., Section 172, with the
6 exception that the terms "net operating loss" and
7 "taxable income" shall be replaced with "Oklahoma net
8 operating loss" and "Oklahoma taxable income". For
9 tax years beginning after December 31, 2007, and
10 ending before January 1, 2009, years to which such
11 losses may be carried back shall be limited to two (2)
12 years. For tax years beginning after December 31,
13 2008, the years to which such losses may be carried
14 back shall be determined solely by reference to
15 Section 172 of the Internal Revenue Code, 26 U.S.C.,
16 Section 172, with the exception that the terms "net
17 operating loss" and "taxable income" shall be replaced
18 with "Oklahoma net operating loss" and "Oklahoma
19 taxable income".

20 4. Items of the following nature shall be allocated as
21 indicated. Allowable deductions attributable to items separately
22 allocable in subparagraphs a, b and c of this paragraph, whether or
23 not such items of income were actually received, shall be allocated
24 on the same basis as those items:

1 a. Income from real and tangible personal property, such
2 as rents, oil and mining production or royalties, and
3 gains or losses from sales of such property, shall be
4 allocated in accordance with the situs of such
5 property;

6 b. Income from intangible personal property, such as
7 interest, dividends, patent or copyright royalties,
8 and gains or losses from sales of such property, shall
9 be allocated in accordance with the domiciliary situs
10 of the taxpayer, except that:

11 (1) where such property has acquired a nonunitary
12 business or commercial situs apart from the
13 domicile of the taxpayer such income shall be
14 allocated in accordance with such business or
15 commercial situs; interest income from
16 investments held to generate working capital for
17 a unitary business enterprise shall be included
18 in apportionable income; a resident trust or
19 resident estate shall be treated as having a
20 separate commercial or business situs insofar as
21 undistributed income is concerned, but shall not
22 be treated as having a separate commercial or
23 business situs insofar as distributed income is
24 concerned,

1 (2) for taxable years beginning after December 31,
2 2003, capital or ordinary gains or losses from
3 the sale of an ownership interest in a publicly
4 traded partnership, as defined by Section 7704(b)
5 of the Internal Revenue Code of 1986, as amended,
6 shall be allocated to this state in the ratio of
7 the original cost of such partnership's tangible
8 property in this state to the original cost of
9 such partnership's tangible property everywhere,
10 as determined at the time of the sale; if more
11 than fifty percent (50%) of the value of the
12 partnership's assets consists of intangible
13 assets, capital or ordinary gains or losses from
14 the sale of an ownership interest in the
15 partnership shall be allocated to this state in
16 accordance with the sales factor of the
17 partnership for its first full tax period
18 immediately preceding its tax period during which
19 the ownership interest in the partnership was
20 sold; ~~the provisions of this division shall only~~
21 ~~apply if the capital or ordinary gains or losses~~
22 ~~from the sale of an ownership interest in a~~
23 ~~partnership do not constitute qualifying gain~~
24 ~~receiving capital treatment as defined in~~

1 ~~subparagraph a of paragraph 2 of subsection F of~~
2 ~~this section,~~

3 (3) income from such property which is required to be
4 allocated pursuant to the provisions of paragraph
5 5 of this subsection shall be allocated as herein
6 provided;

7 c. Net income or loss from a business activity which is
8 not a part of business carried on within or without
9 the state of a unitary character shall be separately
10 allocated to the state in which such activity is
11 conducted;

12 d. In the case of a manufacturing or processing
13 enterprise the business of which in Oklahoma consists
14 solely of marketing its products by:

15 (1) sales having a situs without this state, shipped
16 directly to a point from without the state to a
17 purchaser within the state, commonly known as
18 interstate sales,

19 (2) sales of the product stored in public warehouses
20 within the state pursuant to "in transit"
21 tariffs, as prescribed and allowed by the
22 Interstate Commerce Commission, to a purchaser
23 within the state,

1 (3) sales of the product stored in public warehouses
2 within the state where the shipment to such
3 warehouses is not covered by "in transit"
4 tariffs, as prescribed and allowed by the
5 Interstate Commerce Commission, to a purchaser
6 within or without the state,

7 the Oklahoma net income shall, at the option of the
8 taxpayer, be that portion of the total net income of
9 the taxpayer for federal income tax purposes derived
10 from the manufacture and/or processing and sales
11 everywhere as determined by the ratio of the sales
12 defined in this section made to the purchaser within
13 the state to the total sales everywhere. The term
14 "public warehouse" as used in this subparagraph means
15 a licensed public warehouse, the principal business of
16 which is warehousing merchandise for the public;

17 e. In the case of insurance companies, Oklahoma taxable
18 income shall be taxable income of the taxpayer for
19 federal tax purposes, as adjusted for the adjustments
20 provided pursuant to the provisions of paragraphs 1
21 and 2 of this subsection, apportioned as follows:

22 (1) except as otherwise provided by division (2) of
23 this subparagraph, taxable income of an insurance
24 company for a taxable year shall be apportioned

1 to this state by multiplying such income by a
2 fraction, the numerator of which is the direct
3 premiums written for insurance on property or
4 risks in this state, and the denominator of which
5 is the direct premiums written for insurance on
6 property or risks everywhere. For purposes of
7 this subsection, the term "direct premiums
8 written" means the total amount of direct
9 premiums written, assessments and annuity
10 considerations as reported for the taxable year
11 on the annual statement filed by the company with
12 the Insurance Commissioner in the form approved
13 by the National Association of Insurance
14 Commissioners, or such other form as may be
15 prescribed in lieu thereof,

16 (2) if the principal source of premiums written by an
17 insurance company consists of premiums for
18 reinsurance accepted by it, the taxable income of
19 such company shall be apportioned to this state
20 by multiplying such income by a fraction, the
21 numerator of which is the sum of (a) direct
22 premiums written for insurance on property or
23 risks in this state, plus (b) premiums written
24 for reinsurance accepted in respect of property

1 or risks in this state, and the denominator of
2 which is the sum of (c) direct premiums written
3 for insurance on property or risks everywhere,
4 plus (d) premiums written for reinsurance
5 accepted in respect of property or risks
6 everywhere. For purposes of this paragraph,
7 premiums written for reinsurance accepted in
8 respect of property or risks in this state,
9 whether or not otherwise determinable, may at the
10 election of the company be determined on the
11 basis of the proportion which premiums written
12 for insurance accepted from companies
13 commercially domiciled in Oklahoma bears to
14 premiums written for reinsurance accepted from
15 all sources, or alternatively in the proportion
16 which the sum of the direct premiums written for
17 insurance on property or risks in this state by
18 each ceding company from which reinsurance is
19 accepted bears to the sum of the total direct
20 premiums written by each such ceding company for
21 the taxable year.

22 5. The net income or loss remaining after the separate
23 allocation in paragraph 4 of this subsection, being that which is
24 derived from a unitary business enterprise, shall be apportioned to

1 this state on the basis of the arithmetical average of three factors
2 consisting of property, payroll and sales or gross revenue
3 enumerated as subparagraphs a, b and c of this paragraph. Net
4 income or loss as used in this paragraph includes that derived from
5 patent or copyright royalties, purchase discounts, and interest on
6 accounts receivable relating to or arising from a business activity,
7 the income from which is apportioned pursuant to this subsection,
8 including the sale or other disposition of such property and any
9 other property used in the unitary enterprise. Deductions used in
10 computing such net income or loss shall not include taxes based on
11 or measured by income. Provided, for corporations whose property
12 for purposes of the tax imposed by Section 2355 of this title has an
13 initial investment cost equaling or exceeding Two Hundred Million
14 Dollars (\$200,000,000.00) and such investment is made on or after
15 July 1, 1997, or for corporations which expand their property or
16 facilities in this state and such expansion has an investment cost
17 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)
18 over a period not to exceed three (3) years, and such expansion is
19 commenced on or after January 1, 2000, the three factors shall be
20 apportioned with property and payroll, each comprising twenty-five
21 percent (25%) of the apportionment factor and sales comprising fifty
22 percent (50%) of the apportionment factor. The apportionment
23 factors shall be computed as follows:

24

1 a. The property factor is a fraction, the numerator of
2 which is the average value of the taxpayer's real and
3 tangible personal property owned or rented and used in
4 this state during the tax period and the denominator
5 of which is the average value of all the taxpayer's
6 real and tangible personal property everywhere owned
7 or rented and used during the tax period.

8 (1) Property, the income from which is separately
9 allocated in paragraph 4 of this subsection,
10 shall not be included in determining this
11 fraction. The numerator of the fraction shall
12 include a portion of the investment in
13 transportation and other equipment having no
14 fixed situs, such as rolling stock, buses, trucks
15 and trailers, including machinery and equipment
16 carried thereon, airplanes, salespersons'
17 automobiles and other similar equipment, in the
18 proportion that miles traveled in Oklahoma by
19 such equipment bears to total miles traveled,

20 (2) Property owned by the taxpayer is valued at its
21 original cost. Property rented by the taxpayer
22 is valued at eight times the net annual rental
23 rate. Net annual rental rate is the annual
24 rental rate paid by the taxpayer, less any annual

1 rental rate received by the taxpayer from
2 subrentals,

3 (3) The average value of property shall be determined
4 by averaging the values at the beginning and
5 ending of the tax period but the Oklahoma Tax
6 Commission may require the averaging of monthly
7 values during the tax period if reasonably
8 required to reflect properly the average value of
9 the taxpayer's property;

10 b. The payroll factor is a fraction, the numerator of
11 which is the total compensation for services rendered
12 in the state during the tax period, and the
13 denominator of which is the total compensation for
14 services rendered everywhere during the tax period.
15 "Compensation", as used in this subsection means those
16 paid-for services to the extent related to the unitary
17 business but does not include officers' salaries,
18 wages and other compensation.

19 (1) In the case of a transportation enterprise, the
20 numerator of the fraction shall include a portion
21 of such expenditure in connection with employees
22 operating equipment over a fixed route, such as
23 railroad employees, airline pilots, or bus
24 drivers, in this state only a part of the time,

1 in the proportion that mileage traveled in
2 Oklahoma bears to total mileage traveled by such
3 employees,

4 (2) In any case the numerator of the fraction shall
5 include a portion of such expenditures in
6 connection with itinerant employees, such as
7 traveling salespersons, in this state only a part
8 of the time, in the proportion that time spent in
9 Oklahoma bears to total time spent in furtherance
10 of the enterprise by such employees;

11 c. The sales factor is a fraction, the numerator of which
12 is the total sales or gross revenue of the taxpayer in
13 this state during the tax period, and the denominator
14 of which is the total sales or gross revenue of the
15 taxpayer everywhere during the tax period. "Sales",
16 as used in this subsection does not include sales or
17 gross revenue which are separately allocated in
18 paragraph 4 of this subsection.

19 (1) Sales of tangible personal property have a situs
20 in this state if the property is delivered or
21 shipped to a purchaser other than the United
22 States government, within this state regardless
23 of the FOB point or other conditions of the sale;
24 or the property is shipped from an office, store,

1 warehouse, factory or other place of storage in
2 this state and (a) the purchaser is the United
3 States government or (b) the taxpayer is not
4 doing business in the state of the destination of
5 the shipment.

6 (2) In the case of a railroad or interurban railway
7 enterprise, the numerator of the fraction shall
8 not be less than the allocation of revenues to
9 this state as shown in its annual report to the
10 Corporation Commission.

11 (3) In the case of an airline, truck or bus
12 enterprise or freight car, tank car, refrigerator
13 car or other railroad equipment enterprise, the
14 numerator of the fraction shall include a portion
15 of revenue from interstate transportation in the
16 proportion that interstate mileage traveled in
17 Oklahoma bears to total interstate mileage
18 traveled.

19 (4) In the case of an oil, gasoline or gas pipeline
20 enterprise, the numerator of the fraction shall
21 be either the total of traffic units of the
22 enterprise within Oklahoma or the revenue
23 allocated to Oklahoma based upon miles moved, at
24 the option of the taxpayer, and the denominator

1 of which shall be the total of traffic units of
2 the enterprise or the revenue of the enterprise
3 everywhere as appropriate to the numerator. A
4 "traffic unit" is hereby defined as the
5 transportation for a distance of one (1) mile of
6 one (1) barrel of oil, one (1) gallon of gasoline
7 or one thousand (1,000) cubic feet of natural or
8 casinghead gas, as the case may be.

9 (5) In the case of a telephone or telegraph or other
10 communication enterprise, the numerator of the
11 fraction shall include that portion of the
12 interstate revenue as is allocated pursuant to
13 the accounting procedures prescribed by the
14 Federal Communications Commission; provided that
15 in respect to each corporation or business entity
16 required by the Federal Communications Commission
17 to keep its books and records in accordance with
18 a uniform system of accounts prescribed by such
19 Commission, the intrastate net income shall be
20 determined separately in the manner provided by
21 such uniform system of accounts and only the
22 interstate income shall be subject to allocation
23 pursuant to the provisions of this subsection.
24 Provided further, that the gross revenue factors

1 shall be those as are determined pursuant to the
2 accounting procedures prescribed by the Federal
3 Communications Commission.

4 In any case where the apportionment of the three factors
5 prescribed in this paragraph attributes to Oklahoma a portion of net
6 income of the enterprise out of all appropriate proportion to the
7 property owned and/or business transacted within this state, because
8 of the fact that one or more of the factors so prescribed are not
9 employed to any appreciable extent in furtherance of the enterprise;
10 or because one or more factors not so prescribed are employed to a
11 considerable extent in furtherance of the enterprise; or because of
12 other reasons, the Tax Commission is empowered to permit, after a
13 showing by taxpayer that an excessive portion of net income has been
14 attributed to Oklahoma, or require, when in its judgment an
15 insufficient portion of net income has been attributed to Oklahoma,
16 the elimination, substitution, or use of additional factors, or
17 reduction or increase in the weight of such prescribed factors.
18 Provided, however, that any such variance from such prescribed
19 factors which has the effect of increasing the portion of net income
20 attributable to Oklahoma must not be inherently arbitrary, and
21 application of the recomputed final apportionment to the net income
22 of the enterprise must attribute to Oklahoma only a reasonable
23 portion thereof.

1 6. For calendar years 1997 and 1998, the owner of a new or
2 expanded agricultural commodity processing facility in this state
3 may exclude from Oklahoma taxable income, or in the case of an
4 individual, the Oklahoma adjusted gross income, fifteen percent
5 (15%) of the investment by the owner in the new or expanded
6 agricultural commodity processing facility. ~~For calendar year 1999,~~
7 ~~and all subsequent years, the percentage, not to exceed fifteen~~
8 ~~percent (15%), available to the owner of a new or expanded~~
9 ~~agricultural commodity processing facility in this state claiming~~
10 ~~the exemption shall be adjusted annually so that the total estimated~~
11 ~~reduction in tax liability does not exceed One Million Dollars~~
12 ~~(\$1,000,000.00) annually. The Tax Commission shall promulgate rules~~
13 ~~for determining the percentage of the investment which each eligible~~
14 ~~taxpayer may exclude. The exclusion provided by this paragraph~~
15 ~~shall be taken in the taxable year when the investment is made. In~~
16 ~~the event the total reduction in tax liability authorized by this~~
17 ~~paragraph exceeds One Million Dollars (\$1,000,000.00) in any~~
18 ~~calendar year, the Tax Commission shall permit any excess over One~~
19 ~~Million Dollars (\$1,000,000.00) and shall factor such excess into~~
20 ~~the percentage for subsequent years. Any amount of the exemption~~
21 ~~permitted to be excluded pursuant to the provisions of this~~
22 ~~paragraph but not used in any year may be carried forward as an~~
23 ~~exemption from income pursuant to the provisions of this paragraph~~

24

1 ~~for a period not exceeding six (6) years following the year in which~~
2 ~~the investment was originally made.~~

3 ~~For purposes of this paragraph:~~

4 a. ~~"Agricultural commodity processing facility" means~~
5 ~~building, structures, fixtures and improvements used~~
6 ~~or operated primarily for the processing or production~~
7 ~~of marketable products from agricultural commodities.~~
8 ~~The term shall also mean a dairy operation that~~
9 ~~requires a depreciable investment of at least Two~~
10 ~~Hundred Fifty Thousand Dollars (\$250,000.00) and which~~
11 ~~produces milk from dairy cows. The term does not~~
12 ~~include a facility that provides only, and nothing~~
13 ~~more than, storage, cleaning, drying or transportation~~
14 ~~of agricultural commodities, and~~

15 b. ~~"Facility" means each part of the facility which is~~
16 ~~used in a process primarily for:~~

17 ~~(1) the processing of agricultural commodities,~~
18 ~~including receiving or storing agricultural~~
19 ~~commodities, or the production of milk at a dairy~~
20 ~~operation,~~

21 ~~(2) transporting the agricultural commodities or~~
22 ~~product before, during or after the processing,~~

23 ~~or~~

24

1 ~~(3) packaging or otherwise preparing the product for~~
2 ~~sale or shipment.~~

3 7. Despite any provision to the contrary in paragraph 3 of this
4 subsection, for taxable years beginning after December 31, 1999, in
5 the case of a taxpayer which has a farming loss, such farming loss
6 shall be considered a net operating loss carryback in accordance
7 with and to the extent of the Internal Revenue Code, 26 U.S.C.,
8 Section 172(b)(G). However, the amount of the net operating loss
9 carryback shall not exceed the lesser of:

10 a. Sixty Thousand Dollars (\$60,000.00), or

11 b. the loss properly shown on Schedule F of the Internal
12 Revenue Service Form 1040 reduced by one-half (1/2) of
13 the income from all other sources other than reflected
14 on Schedule F.

15 ~~8. In taxable years beginning after December 31, 1995, all~~
16 ~~qualified wages equal to the federal income tax credit set forth in~~
17 ~~26 U.S.C.A., Section 45A, shall be deducted from taxable income.~~
18 ~~The deduction allowed pursuant to this paragraph shall only be~~
19 ~~permitted for the tax years in which the federal tax credit pursuant~~
20 ~~to 26 U.S.C.A., Section 45A, is allowed. For purposes of this~~
21 ~~paragraph, "qualified wages" means those wages used to calculate the~~
22 ~~federal credit pursuant to 26 U.S.C.A., Section 45A.~~

23 ~~9. In taxable years beginning after December 31, 2005, an~~
24 ~~employer that is eligible for and utilizes the Safety Pays OSHA~~

1 ~~Consultation Service provided by the Oklahoma Department of Labor~~
2 ~~shall receive an exemption from taxable income in the amount of One~~
3 ~~Thousand Dollars (\$1,000.00) for the tax year that the service is~~
4 ~~utilized.~~

5 ~~10. For taxable years beginning on or after January 1, 2010,~~
6 ~~there shall be added to Oklahoma taxable income an amount equal to~~
7 ~~the amount of deferred income not included in such taxable income~~
8 ~~pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986~~
9 ~~as amended by Section 1231 of the American Recovery and Reinvestment~~
10 ~~Act of 2009 (P.L. No. 111-5). There shall be subtracted from~~
11 ~~Oklahoma taxable income an amount equal to the amount of deferred~~
12 ~~income included in such taxable income pursuant to Section 108(i)(1)~~
13 ~~of the Internal Revenue Code of 1986, as amended by Section 1231 of~~
14 ~~the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).~~

15 B. 1. The taxable income of any corporation shall be further
16 adjusted to arrive at Oklahoma taxable income, except those
17 corporations electing treatment as provided in subchapter S of the
18 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section
19 2365 of this title, deductions pursuant to the provisions of the
20 Accelerated Cost Recovery System as defined and allowed in the
21 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,
22 Section 168, for depreciation of assets placed into service after
23 December 31, 1981, shall not be allowed in calculating Oklahoma
24 taxable income. Such corporations shall be allowed a deduction for

1 depreciation of assets placed into service after December 31, 1981,
2 in accordance with provisions of the Internal Revenue Code, 26
3 U.S.C., Section 1 et seq., in effect immediately prior to the
4 enactment of the Accelerated Cost Recovery System. The Oklahoma tax
5 basis for all such assets placed into service after December 31,
6 1981, calculated in this section shall be retained and utilized for
7 all Oklahoma income tax purposes through the final disposition of
8 such assets.

9 Notwithstanding any other provisions of the Oklahoma Income Tax
10 Act, Section 2351 et seq. of this title, or of the Internal Revenue
11 Code to the contrary, this subsection shall control calculation of
12 depreciation of assets placed into service after December 31, 1981,
13 and before January 1, 1983.

14 For assets placed in service and held by a corporation in which
15 accelerated cost recovery system was previously disallowed, an
16 adjustment to taxable income is required in the first taxable year
17 beginning after December 31, 1982, to reconcile the basis of such
18 assets to the basis allowed in the Internal Revenue Code. The
19 purpose of this adjustment is to equalize the basis and allowance
20 for depreciation accounts between that reported to the Internal
21 Revenue Service and that reported to Oklahoma.

22 2. For tax years beginning on or after January 1, 2009, and
23 ending on or before December 31, 2009, there shall be added to
24 Oklahoma taxable income any amount in excess of One Hundred Seventy-

1 five Thousand Dollars (\$175,000.00) which has been deducted as a
2 small business expense under Internal Revenue Code, Section 179 as
3 provided in the American Recovery and Reinvestment Act of 2009.

4 C. 1. For taxable years beginning after December 31, 1987, the
5 taxable income of any corporation shall be further adjusted to
6 arrive at Oklahoma taxable income for transfers of technology to
7 qualified small businesses located in Oklahoma. Such transferor
8 corporation shall be allowed an exemption from taxable income of an
9 amount equal to the amount of royalty payment received as a result
10 of such transfer; provided, however, such amount shall not exceed
11 ten percent (10%) of the amount of gross proceeds received by such
12 transferor corporation as a result of the technology transfer. Such
13 exemption shall be allowed for a period not to exceed ten (10) years
14 from the date of receipt of the first royalty payment accruing from
15 such transfer. No exemption may be claimed for transfers of
16 technology to qualified small businesses made prior to January 1,
17 1988.

18 2. For purposes of this subsection:

19 a. "Qualified small business" means an entity, whether
20 organized as a corporation, partnership, or
21 proprietorship, organized for profit with its
22 principal place of business located within this state
23 and which meets the following criteria:

- 1 (1) Capitalization of not more than Two Hundred Fifty
2 Thousand Dollars (\$250,000.00),
3 (2) Having at least fifty percent (50%) of its
4 employees and assets located in Oklahoma at the
5 time of the transfer, and
6 (3) Not a subsidiary or affiliate of the transferor
7 corporation;

8 b. "Technology" means a proprietary process, formula,
9 pattern, device or compilation of scientific or
10 technical information which is not in the public
11 domain;

12 c. "Transferor corporation" means a corporation which is
13 the exclusive and undisputed owner of the technology
14 at the time the transfer is made; and

15 d. "Gross proceeds" means the total amount of
16 consideration for the transfer of technology, whether
17 the consideration is in money or otherwise.

18 D. 1. For taxable years beginning after December 31, 2005, the
19 taxable income of any corporation, estate or trust, shall be further
20 adjusted for qualifying gains receiving capital treatment. Such
21 corporations, estates or trusts shall be allowed a deduction from
22 Oklahoma taxable income for the amount of qualifying gains receiving
23 capital treatment earned by the corporation, estate or trust during
24

1 the taxable year and included in the federal taxable income of such
2 corporation, estate or trust.

3 2. As used in this subsection:

4 a. "qualifying gains receiving capital treatment" means
5 the amount of net capital gains, as defined in Section
6 1222(11) of the Internal Revenue Code, included in the
7 federal income tax return of the corporation, estate
8 or trust that result from:

9 (1) the sale of real property or tangible personal
10 property located within Oklahoma that has been
11 directly or indirectly owned by the corporation,
12 estate or trust for a holding period of at least
13 five (5) years prior to the date of the
14 transaction from which such net capital gains
15 arise,

16 (2) the sale of stock or on the sale of an ownership
17 interest in an Oklahoma company, limited
18 liability company, or partnership where such
19 stock or ownership interest has been directly or
20 indirectly owned by the corporation, estate or
21 trust for a holding period of at least three (3)
22 years prior to the date of the transaction from
23 which the net capital gains arise, or
24

1 (3) the sale of real property, tangible personal
2 property or intangible personal property located
3 within Oklahoma as part of the sale of all or
4 substantially all of the assets of an Oklahoma
5 company, limited liability company, or
6 partnership where such property has been directly
7 or indirectly owned by such entity owned by the
8 owners of such entity, and used in or derived
9 from such entity for a period of at least three
10 (3) years prior to the date of the transaction
11 from which the net capital gains arise,

12 b. "holding period" means an uninterrupted period of
13 time. The holding period shall include any additional
14 period when the property was held by another
15 individual or entity, if such additional period is
16 included in the taxpayer's holding period for the
17 asset pursuant to the Internal Revenue Code,

18 c. "Oklahoma company", "limited liability company", or
19 "partnership" means an entity whose primary
20 headquarters have been located in Oklahoma for at
21 least three (3) uninterrupted years prior to the date
22 of the transaction from which the net capital gains
23 arise,
24

1 d. "direct" means the taxpayer directly owns the asset,
2 and

3 e. "indirect" means the taxpayer owns an interest in a
4 pass-through entity (or chain of pass-through
5 entities) that sells the asset that gives rise to the
6 qualifying gains receiving capital treatment.

7 (1) With respect to sales of real property or
8 tangible personal property located within
9 Oklahoma, the deduction described in this
10 subsection shall not apply unless the pass-
11 through entity that makes the sale has held the
12 property for not less than five (5) uninterrupted
13 years prior to the date of the transaction that
14 created the capital gain, and each pass-through
15 entity included in the chain of ownership has
16 been a member, partner, or shareholder of the
17 pass-through entity in the tier immediately below
18 it for an uninterrupted period of not less than
19 five (5) years.

20 (2) With respect to sales of stock or ownership
21 interest in or sales of all or substantially all
22 of the assets of an Oklahoma company, limited
23 liability company, or partnership, the deduction
24 described in this subsection shall not apply

1 unless the pass-through entity that makes the
2 sale has held the stock or ownership interest or
3 the assets for not less than three (3)
4 uninterrupted years prior to the date of the
5 transaction that created the capital gain, and
6 each pass-through entity included in the chain of
7 ownership has been a member, partner or
8 shareholder of the pass-through entity in the
9 tier immediately below it for an uninterrupted
10 period of not less than three (3) years.

11 E. The Oklahoma adjusted gross income of any individual
12 taxpayer shall be further adjusted as follows to arrive at Oklahoma
13 taxable income:

- 14 1. a. ~~In the case of individuals, there shall be added or~~
15 ~~deducted, as the case may be, the difference necessary~~
16 ~~to allow personal exemptions of One Thousand Dollars~~
17 ~~(\$1,000.00) in lieu of the personal exemptions allowed~~
18 ~~by the Internal Revenue Code.~~
- 19 b. ~~There shall be allowed an additional exemption of One~~
20 ~~Thousand Dollars (\$1,000.00) for each taxpayer or~~
21 ~~spouse who is blind at the close of the tax year. For~~
22 ~~purposes of this subparagraph, an individual is blind~~
23 ~~only if the central visual acuity of the individual~~
24 ~~does not exceed 20/200 in the better eye with~~

1 ~~correcting lenses, or if the visual acuity of the~~
2 ~~individual is greater than 20/200, but is accompanied~~
3 ~~by a limitation in the fields of vision such that the~~
4 ~~widest diameter of the visual field subtends an angle~~
5 ~~no greater than twenty (20) degrees.~~

6 ~~e. There shall be allowed an additional exemption of One~~
7 ~~Thousand Dollars (\$1,000.00) for each taxpayer or~~
8 ~~spouse who is sixty-five (65) years of age or older at~~
9 ~~the close of the tax year based upon the filing status~~
10 ~~and federal adjusted gross income of the taxpayer.~~

11 ~~Taxpayers with the following filing status may claim~~
12 ~~this exemption if the federal adjusted gross income~~
13 ~~does not exceed:~~

14 ~~(1) Twenty-five Thousand Dollars (\$25,000.00) if~~
15 ~~married and filing jointly;~~

16 ~~(2) Twelve Thousand Five Hundred Dollars (\$12,500.00)~~
17 ~~if married and filing separately;~~

18 ~~(3) Fifteen Thousand Dollars (\$15,000.00) if single;~~
19 ~~and~~

20 ~~(4) Nineteen Thousand Dollars (\$19,000.00) if a~~
21 ~~qualifying head of household.~~

22 ~~Provided, for taxable years beginning after December~~
23 ~~31, 1999, amounts included in the calculation of~~
24 ~~federal adjusted gross income pursuant to the~~

1 ~~conversion of a traditional individual retirement~~
2 ~~account to a Roth individual retirement account shall~~
3 ~~be excluded from federal adjusted gross income for~~
4 ~~purposes of the income thresholds provided in this~~
5 ~~subparagraph.~~

6 2. a. ~~For taxable years beginning on or before December 31,~~
7 ~~2005, in the case of individuals who use the standard~~
8 ~~deduction in determining taxable income, there shall~~
9 ~~be added or deducted, as the case may be, the~~
10 ~~difference necessary to allow a standard deduction in~~
11 ~~lieu of the standard deduction allowed by the Internal~~
12 ~~Revenue Code, in an amount equal to the larger of~~
13 ~~fifteen percent (15%) of the Oklahoma adjusted gross~~
14 ~~income or One Thousand Dollars (\$1,000.00), but not to~~
15 ~~exceed Two Thousand Dollars (\$2,000.00), except that~~
16 ~~in the case of a married individual filing a separate~~
17 ~~return such deduction shall be the larger of fifteen~~
18 ~~percent (15%) of such Oklahoma adjusted gross income~~
19 ~~or Five Hundred Dollars (\$500.00), but not to exceed~~
20 ~~the maximum amount of One Thousand Dollars~~
21 ~~(\$1,000.00),~~

22 b. ~~For taxable years beginning on or after January 1,~~
23 ~~2006, and before January 1, 2007, in the case of~~
24 ~~individuals who use the standard deduction in~~

1 ~~determining taxable income, there shall be added or~~
2 ~~deducted, as the case may be, the difference necessary~~
3 ~~to allow a standard deduction in lieu of the standard~~
4 ~~deduction allowed by the Internal Revenue Code, in an~~
5 ~~amount equal to:~~

6 ~~(1) Three Thousand Dollars (\$3,000.00), if the filing~~
7 ~~status is married filing joint, head of household~~
8 ~~or qualifying widow; or~~

9 ~~(2) Two Thousand Dollars (\$2,000.00), if the filing~~
10 ~~status is single or married filing separate.~~

11 ~~c. For the taxable year beginning on January 1, 2007, and~~
12 ~~ending December 31, 2007, in the case of individuals~~
13 ~~who use the standard deduction in determining taxable~~
14 ~~income, there shall be added or deducted, as the case~~
15 ~~may be, the difference necessary to allow a standard~~
16 ~~deduction in lieu of the standard deduction allowed by~~
17 ~~the Internal Revenue Code, in an amount equal to:~~

18 ~~(1) Five Thousand Five Hundred Dollars (\$5,500.00),~~
19 ~~if the filing status is married filing joint or~~
20 ~~qualifying widow; or~~

21 ~~(2) Four Thousand One Hundred Twenty five Dollars~~
22 ~~(\$4,125.00) for a head of household; or~~

1 ~~(3) Two Thousand Seven Hundred Fifty Dollars~~
2 ~~(\$2,750.00), if the filing status is single or~~
3 ~~married filing separate.~~

4 ~~d. For the taxable year beginning on January 1, 2008, and~~
5 ~~ending December 31, 2008, in the case of individuals~~
6 ~~who use the standard deduction in determining taxable~~
7 ~~income, there shall be added or deducted, as the case~~
8 ~~may be, the difference necessary to allow a standard~~
9 ~~deduction in lieu of the standard deduction allowed by~~
10 ~~the Internal Revenue Code, in an amount equal to:~~

11 ~~(1) Six Thousand Five Hundred Dollars (\$6,500.00), if~~
12 ~~the filing status is married filing joint or~~
13 ~~qualifying widow, or~~

14 ~~(2) Four Thousand Eight Hundred Seventy-five Dollars~~
15 ~~(\$4,875.00) for a head of household, or~~

16 ~~(3) Three Thousand Two Hundred Fifty Dollars~~
17 ~~(\$3,250.00), if the filing status is single or~~
18 ~~married filing separate.~~

19 ~~e. For the taxable year beginning on January 1, 2009, and~~
20 ~~ending December 31, 2009, in the case of individuals~~
21 ~~who use the standard deduction in determining taxable~~
22 ~~income, there shall be added or deducted, as the case~~
23 ~~may be, the difference necessary to allow a standard~~

1 ~~deduction in lieu of the standard deduction allowed by~~
2 ~~the Internal Revenue Code, in an amount equal to:~~

- 3 ~~(1) Eight Thousand Five Hundred Dollars (\$8,500.00),~~
4 ~~if the filing status is married filing joint or~~
5 ~~qualifying widow, or~~
6 ~~(2) Six Thousand Three Hundred Seventy-five Dollars~~
7 ~~(\$6,375.00) for a head of household, or~~
8 ~~(3) Four Thousand Two Hundred Fifty Dollars~~
9 ~~(\$4,250.00), if the filing status is single or~~
10 ~~married filing separate.~~

11 ~~Oklahoma adjusted gross income shall be increased by~~
12 ~~any amounts paid for motor vehicle excise taxes which~~
13 ~~were deducted as allowed by the Internal Revenue Code.~~

14 ~~f.~~ For taxable years beginning on or after January 1,
15 ~~2010~~ 2013, in the case of individuals ~~who use the~~
16 ~~standard deduction in determining taxable income,~~
17 there shall be added or deducted, as the case may be,
18 the difference necessary to allow a standard deduction
19 equal to the standard deduction allowed by the
20 Internal Revenue Code of 1986, as amended, based upon
21 the amount and filing status prescribed by such Code
22 for purposes of filing federal individual income tax
23 returns.

1 ~~3.~~ 2. In the case of resident and part-year resident
2 individuals having adjusted gross income from sources both within
3 and without the state, the ~~itemized or standard deductions and~~
4 ~~personal exemptions~~ deduction shall be reduced to an amount which is
5 the same portion of the total thereof as Oklahoma adjusted gross
6 income is of adjusted gross income. ~~To the extent itemized~~
7 ~~deductions include allowable moving expense, proration of moving~~
8 ~~expense shall not be required or permitted but allowable moving~~
9 ~~expense shall be fully deductible for those taxpayers moving within~~
10 ~~or into Oklahoma and no part of moving expense shall be deductible~~
11 ~~for those taxpayers moving without or out of Oklahoma. All other~~
12 ~~itemized or~~ The standard deductions and personal exemptions
13 deduction shall be subject to proration as provided by law.

14 ~~4.~~ ~~A resident individual with a physical disability~~
15 ~~constituting a substantial handicap to employment may deduct from~~
16 ~~Oklahoma adjusted gross income such expenditures to modify a motor~~
17 ~~vehicle, home or workplace as are necessary to compensate for his or~~
18 ~~her handicap. A veteran certified by the Department of Veterans~~
19 ~~Affairs of the federal government as having a service connected~~
20 ~~disability shall be conclusively presumed to be an individual with a~~
21 ~~physical disability constituting a substantial handicap to~~
22 ~~employment. The Tax Commission shall promulgate rules containing a~~
23 ~~list of combinations of common disabilities and modifications which~~

24

1 ~~may be presumed to qualify for this deduction. The Tax Commission~~
2 ~~shall prescribe necessary requirements for verification.~~

3 5. a. ~~Before July 1, 2010, the first One Thousand Five~~
4 ~~Hundred Dollars (\$1,500.00) received by any person~~
5 ~~from the United States as salary or compensation in~~
6 ~~any form, other than retirement benefits, as a member~~
7 ~~of any component of the Armed Forces of the United~~
8 ~~States shall be deducted from taxable income.~~

9 b. ~~On or after July 1, 2010, and ending before January 1,~~
10 ~~2015, one hundred percent (100%) of the income~~
11 ~~received by any person from the United States as~~
12 ~~salary or compensation in any form, other than~~
13 ~~retirement benefits, as a member of any component of~~
14 ~~the Armed Forces of the United States shall be~~
15 ~~deducted from taxable income.~~

16 c. ~~For the taxable year beginning on January 1, 2015, and~~
17 ~~every year thereafter, if the State Board of~~
18 ~~Equalization makes a determination pursuant to Section~~
19 ~~2355.1D of this title that, for the purposes of this~~
20 ~~paragraph, revenue collections exceed revenue~~
21 ~~reductions, the one hundred percent (100%) deduction~~
22 ~~provided for in subparagraph b of this paragraph may~~
23 ~~be claimed.~~

1 ~~d. For the taxable year beginning on January 1, 2015, and~~
2 ~~every year thereafter, if the State Board of~~
3 ~~Equalization makes a determination pursuant to Section~~
4 ~~2355.1D of this title that, for the purposes of this~~
5 ~~paragraph, revenue collections do not exceed revenue~~
6 ~~reductions, a deduction of the first One Thousand Five~~
7 ~~Hundred Dollars (\$1,500.00) received by any person~~
8 ~~from the United States as salary or compensation in~~
9 ~~any form, other than retirement benefits, as a member~~
10 ~~of any component of the Armed Forces of the United~~
11 ~~States shall be allowed.~~

12 ~~e.~~

13 3. a. Whenever the filing of a timely income tax return by a
14 member of the Armed Forces of the United States is
15 made impracticable or impossible of accomplishment by
16 reason of:

- 17 (1) absence from the United States, which term
18 includes only the states and the District of
19 Columbia~~†, 1~~
- 20 (2) absence from the State of Oklahoma while on
21 active duty~~†, 1~~ or
- 22 (3) confinement in a hospital within the United
23 States for treatment of wounds, injuries or
24 disease,

1 the time for filing a return and paying an income tax
2 shall be and is hereby extended without incurring
3 liability for interest or penalties, to the fifteenth
4 day of the third month following the month in which:

5 (a) such individual shall return to the United
6 States if the extension is granted pursuant
7 to ~~subparagraph a~~ division (1) of this
8 ~~paragraph~~ subparagraph, return to the State
9 of Oklahoma if the extension is granted
10 pursuant to ~~subparagraph b~~ division (2) of
11 this ~~paragraph~~ subparagraph or be discharged
12 from such hospital if the extension is
13 granted pursuant to ~~subparagraph e~~ division
14 (3) of this ~~paragraph~~ subparagraph, or

15 (b) an executor, administrator, or conservator
16 of the estate of the taxpayer is appointed,
17 whichever event occurs the earliest.

18 b. Provided, that the Tax Commission may, in its
19 discretion, grant any member of the Armed Forces of
20 the United States an extension of time for filing of
21 income tax returns and payment of income tax without
22 incurring liabilities for interest or penalties. Such
23 extension may be granted only when in the judgment of
24 the Tax Commission a good cause exists therefor and

1 may be for a period in excess of six (6) months. A
2 record of every such extension granted, and the reason
3 therefor, shall be kept.

4 ~~6. Before July 1, 2010, the salary or any other form of~~
5 ~~compensation, received from the United States by a member of any~~
6 ~~component of the Armed Forces of the United States, shall be~~
7 ~~deducted from taxable income during the time in which the person is~~
8 ~~detained by the enemy in a conflict, is a prisoner of war or is~~
9 ~~missing in action and not deceased; provided, after July 1, 2010,~~
10 ~~all such salary or compensation shall be subject to the deduction as~~
11 ~~provided pursuant to paragraph 5 of this subsection.~~

12 ~~7. Notwithstanding anything in the Internal Revenue Code or in~~
13 ~~the Oklahoma Income Tax Act to the contrary, it is expressly~~
14 ~~provided that, in the case of resident individuals, amounts received~~
15 ~~as dividends or distributions of earnings from savings and loan~~
16 ~~associations or credit unions located in Oklahoma, and interest~~
17 ~~received on savings accounts and time deposits from such sources or~~
18 ~~from state and national banks or trust companies located in~~
19 ~~Oklahoma, shall qualify as dividends for the purpose of the dividend~~
20 ~~exclusion, and taxable income shall be adjusted accordingly to~~
21 ~~arrive at Oklahoma taxable income; provided, however, that the~~
22 ~~dividend, distribution of earnings and/or interest exclusion~~
23 ~~provided for hereinabove shall not be cumulative to the maximum~~
24 ~~dividend exclusion allowed by the Internal Revenue Code. Any~~

1 ~~dividend exclusion already allowed by the Internal Revenue Code and~~
2 ~~reflected in the taxpayer's Oklahoma taxable income together with~~
3 ~~exclusion allowed herein shall not exceed the total of One Hundred~~
4 ~~Dollars (\$100.00) per individual or Two Hundred Dollars (\$200.00)~~
5 ~~per couple filing a joint return.~~

6 ~~8. a. An individual taxpayer, whether resident or~~
7 ~~nonresident, may deduct an amount equal to the federal~~
8 ~~income taxes paid by the taxpayer during the taxable~~
9 ~~year.~~

10 ~~b. Federal taxes as described in subparagraph a of this~~
11 ~~paragraph shall be deductible by any individual~~
12 ~~taxpayer, whether resident or nonresident, only to the~~
13 ~~extent they relate to income subject to taxation~~
14 ~~pursuant to the provisions of the Oklahoma Income Tax~~
15 ~~Act. The maximum amount allowable in the preceding~~
16 ~~paragraph shall be prorated on the ratio of the~~
17 ~~Oklahoma adjusted gross income to federal adjusted~~
18 ~~gross income.~~

19 ~~c. For the purpose of this paragraph, "federal income~~
20 ~~taxes paid" shall mean federal income taxes, surtaxes~~
21 ~~imposed on incomes or excess profits taxes, as though~~
22 ~~the taxpayer was on the accrual basis. In determining~~
23 ~~the amount of deduction for federal income taxes for~~
24 ~~tax year 2001, the amount of the deduction shall not~~

1 ~~be adjusted by the amount of any accelerated ten~~
2 ~~percent (10%) tax rate bracket credit or advanced~~
3 ~~refund of the credit received during the tax year~~
4 ~~provided pursuant to the federal Economic Growth and~~
5 ~~Tax Relief Reconciliation Act of 2001, P.L. No. 107-~~
6 ~~16, and the advanced refund of such credit shall not~~
7 ~~be subject to taxation.~~

8 ~~d. The provisions of this paragraph shall apply to all~~
9 ~~taxable years ending after December 31, 1978, and~~
10 ~~beginning before January 1, 2006.~~

11 ~~9. Retirement benefits not to exceed Five Thousand Five Hundred~~
12 ~~Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five~~
13 ~~Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand~~
14 ~~Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax~~
15 ~~years, which are received by an individual from the civil service of~~
16 ~~the United States, the Oklahoma Public Employees Retirement System,~~
17 ~~the Teachers' Retirement System of Oklahoma, the Oklahoma Law~~
18 ~~Enforcement Retirement System, the Oklahoma Firefighters Pension and~~
19 ~~Retirement System, the Oklahoma Police Pension and Retirement~~
20 ~~System, the employee retirement systems created by counties pursuant~~
21 ~~to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the~~
22 ~~Uniform Retirement System for Justices and Judges, the Oklahoma~~
23 ~~Wildlife Conservation Department Retirement Fund, the Oklahoma~~
24 ~~Employment Security Commission Retirement Plan, or the employee~~

1 ~~retirement systems created by municipalities pursuant to Section 48-~~
2 ~~101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt~~
3 ~~from taxable income.~~

4 ~~10. In taxable years beginning after December 31, 1984, Social~~
5 ~~Security benefits received by an individual shall be exempt from~~
6 ~~taxable income, to the extent such benefits are included in the~~
7 ~~federal adjusted gross income pursuant to the provisions of Section~~
8 ~~86 of the Internal Revenue Code, 26 U.S.C., Section 86.~~

9 ~~11. For taxable years beginning after December 31, 1994, lump-~~
10 ~~sum distributions from employer plans of deferred compensation,~~
11 ~~which are not qualified plans within the meaning of Section 401(a)~~
12 ~~of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which~~
13 ~~are deposited in and accounted for within a separate bank account or~~
14 ~~brokerage account in a financial institution within this state,~~
15 ~~shall be excluded from taxable income in the same manner as a~~
16 ~~qualifying rollover contribution to an individual retirement account~~
17 ~~within the meaning of Section 408 of the Internal Revenue Code, 26~~
18 ~~U.S.C., Section 408. Amounts withdrawn from such bank or brokerage~~
19 ~~account, including any earnings thereon, shall be included in~~
20 ~~taxable income when withdrawn in the same manner as withdrawals from~~
21 ~~individual retirement accounts within the meaning of Section 408 of~~
22 ~~the Internal Revenue Code.~~

23 ~~12. In taxable years beginning after December 31, 1995,~~
24 ~~contributions made to and interest received from a medical savings~~

1 ~~account established pursuant to Sections 2621 through 2623 of Title~~
2 ~~63 of the Oklahoma Statutes shall be exempt from taxable income.~~

3 ~~13. For taxable years beginning after December 31, 1996, the~~
4 ~~Oklahoma adjusted gross income of any individual taxpayer who is a~~
5 ~~swine or poultry producer may be further adjusted for the deduction~~
6 ~~for depreciation allowed for new construction or expansion costs~~
7 ~~which may be computed using the same depreciation method elected for~~
8 ~~federal income tax purposes except that the useful life shall be~~
9 ~~seven (7) years for purposes of this paragraph. If depreciation is~~
10 ~~allowed as a deduction in determining the adjusted gross income of~~
11 ~~an individual, any depreciation calculated and claimed pursuant to~~
12 ~~this section shall in no event be a duplication of any depreciation~~
13 ~~allowed or permitted on the federal income tax return of the~~
14 ~~individual.~~

15 ~~14. a. In taxable years beginning after December 31, 2002,~~
16 ~~nonrecurring adoption expenses paid by a resident~~
17 ~~individual taxpayer in connection with:~~
18 ~~(1) the adoption of a minor, or~~
19 ~~(2) a proposed adoption of a minor which did not~~
20 ~~result in a decreed adoption,~~
21 ~~may be deducted from the Oklahoma adjusted gross~~
22 ~~income.~~

- 1 ~~b. The deductions for adoptions and proposed adoptions~~
2 ~~authorized by this paragraph shall not exceed Twenty~~
3 ~~Thousand Dollars (\$20,000.00) per calendar year.~~
- 4 ~~c. The Tax Commission shall promulgate rules to implement~~
5 ~~the provisions of this paragraph which shall contain a~~
6 ~~specific list of nonrecurring adoption expenses which~~
7 ~~may be presumed to qualify for the deduction. The Tax~~
8 ~~Commission shall prescribe necessary requirements for~~
9 ~~verification.~~
- 10 ~~d. "Nonrecurring adoption expenses" means adoption fees,~~
11 ~~court costs, medical expenses, attorney fees and~~
12 ~~expenses which are directly related to the legal~~
13 ~~process of adoption of a child including, but not~~
14 ~~limited to, costs relating to the adoption study,~~
15 ~~health and psychological examinations, transportation~~
16 ~~and reasonable costs of lodging and food for the child~~
17 ~~or adoptive parents which are incurred to complete the~~
18 ~~adoption process and are not reimbursed by other~~
19 ~~sources. The term "nonrecurring adoption expenses"~~
20 ~~shall not include attorney fees incurred for the~~
21 ~~purpose of litigating a contested adoption, from and~~
22 ~~after the point of the initiation of the contest,~~
23 ~~costs associated with physical remodeling, renovation~~
24 ~~and alteration of the adoptive parents' home or~~

1 ~~property, except for a special needs child as~~
2 ~~authorized by the court.~~

3 ~~15. a. In taxable years beginning before January 1, 2005,~~
4 ~~retirement benefits not to exceed the amounts~~
5 ~~specified in this paragraph, which are received by an~~
6 ~~individual sixty-five (65) years of age or older and~~
7 ~~whose Oklahoma adjusted gross income is Twenty-five~~
8 ~~Thousand Dollars (\$25,000.00) or less if the filing~~
9 ~~status is single, head of household, or married filing~~
10 ~~separate, or Fifty Thousand Dollars (\$50,000.00) or~~
11 ~~less if the filing status is married filing joint or~~
12 ~~qualifying widow, shall be exempt from taxable income.~~
13 ~~In taxable years beginning after December 31, 2004,~~
14 ~~retirement benefits not to exceed the amounts~~
15 ~~specified in this paragraph, which are received by an~~
16 ~~individual whose Oklahoma adjusted gross income is~~
17 ~~less than the qualifying amount specified in this~~
18 ~~paragraph, shall be exempt from taxable income.~~

19 ~~b. For purposes of this paragraph, the qualifying amount~~
20 ~~shall be as follows:~~

21 ~~(1) in taxable years beginning after December 31,~~
22 ~~2004, and prior to January 1, 2007, the~~
23 ~~qualifying amount shall be Thirty-seven Thousand~~
24 ~~Five Hundred Dollars (\$37,500.00) or less if the~~

1 ~~filing status is single, head of household, or~~
2 ~~married filing separate, or Seventy-Five Thousand~~
3 ~~Dollars (\$75,000.00) or less if the filing status~~
4 ~~is married filing jointly or qualifying widow,~~
5 ~~(2) in the taxable year beginning January 1, 2007,~~
6 ~~the qualifying amount shall be Fifty Thousand~~
7 ~~Dollars (\$50,000.00) or less if the filing status~~
8 ~~is single, head of household, or married filing~~
9 ~~separate, or One Hundred Thousand Dollars~~
10 ~~(\$100,000.00) or less if the filing status is~~
11 ~~married filing jointly or qualifying widow,~~
12 ~~(3) in the taxable year beginning January 1, 2008,~~
13 ~~the qualifying amount shall be Sixty-two Thousand~~
14 ~~Five Hundred Dollars (\$62,500.00) or less if the~~
15 ~~filing status is single, head of household, or~~
16 ~~married filing separate, or One Hundred Twenty-~~
17 ~~five Thousand Dollars (\$125,000.00) or less if~~
18 ~~the filing status is married filing jointly or~~
19 ~~qualifying widow,~~
20 ~~(4) in the taxable year beginning January 1, 2009,~~
21 ~~the qualifying amount shall be One Hundred~~
22 ~~Thousand Dollars (\$100,000.00) or less if the~~
23 ~~filing status is single, head of household, or~~
24 ~~married filing separate, or Two Hundred Thousand~~

1 ~~Dollars (\$200,000.00) or less if the filing~~
2 ~~status is married filing jointly or qualifying~~
3 ~~widow, and~~

4 ~~(5) in the taxable year beginning January 1, 2010,~~
5 ~~and subsequent taxable years, there shall be no~~
6 ~~limitation upon the qualifying amount.~~

7 ~~e. For purposes of this paragraph, "retirement benefits"~~
8 ~~means the total distributions or withdrawals from the~~
9 ~~following:~~

10 ~~(1) an employee pension benefit plan which satisfies~~
11 ~~the requirements of Section 401 of the Internal~~
12 ~~Revenue Code, 26 U.S.C., Section 401,~~

13 ~~(2) an eligible deferred compensation plan that~~
14 ~~satisfies the requirements of Section 457 of the~~
15 ~~Internal Revenue Code, 26 U.S.C., Section 457,~~

16 ~~(3) an individual retirement account, annuity or~~
17 ~~trust or simplified employee pension that~~
18 ~~satisfies the requirements of Section 408 of the~~
19 ~~Internal Revenue Code, 26 U.S.C., Section 408,~~

20 ~~(4) an employee annuity subject to the provisions of~~
21 ~~Section 403(a) or (b) of the Internal Revenue~~
22 ~~Code, 26 U.S.C., Section 403(a) or (b),~~

1 ~~(5) United States Retirement Bonds which satisfy the~~
2 ~~requirements of Section 86 of the Internal~~
3 ~~Revenue Code, 26 U.S.C., Section 86, or~~
4 ~~(6) lump-sum distributions from a retirement plan~~
5 ~~which satisfies the requirements of Section~~
6 ~~402(c) of the Internal Revenue Code, 26 U.S.C.,~~
7 ~~Section 402(e).~~

8 d. ~~The amount of the exemption provided by this paragraph~~
9 ~~shall be limited to Five Thousand Five Hundred Dollars~~
10 ~~(\$5,500.00) for the 2004 tax year, Seven Thousand Five~~
11 ~~Hundred Dollars (\$7,500.00) for the 2005 tax year and~~
12 ~~Ten Thousand Dollars (\$10,000.00) for the tax year~~
13 ~~2006 and for all subsequent tax years. Any individual~~
14 ~~who claims the exemption provided for in paragraph 9~~
15 ~~of this subsection shall not be permitted to claim a~~
16 ~~combined total exemption pursuant to this paragraph~~
17 ~~and paragraph 9 of this subsection in an amount~~
18 ~~exceeding Five Thousand Five Hundred Dollars~~
19 ~~(\$5,500.00) for the 2004 tax year, Seven Thousand Five~~
20 ~~Hundred Dollars (\$7,500.00) for the 2005 tax year and~~
21 ~~Ten Thousand Dollars (\$10,000.00) for the 2006 tax~~
22 ~~year and all subsequent tax years.~~

23 ~~16. In taxable years beginning after December 31, 1999, for an~~
24 ~~individual engaged in production agriculture who has filed a~~

1 ~~Schedule F form with the taxpayer's federal income tax return for~~
2 ~~such taxable year, there shall be excluded from taxable income any~~
3 ~~amount which was included as federal taxable income or federal~~
4 ~~adjusted gross income and which consists of the discharge of an~~
5 ~~obligation by a creditor of the taxpayer incurred to finance the~~
6 ~~production of agricultural products.~~

7 ~~17. In taxable years beginning December 31, 2000, an amount~~
8 ~~equal to one hundred percent (100%) of the amount of any scholarship~~
9 ~~or stipend received from participation in the Oklahoma Police Corps~~
10 ~~Program, as established in Section 2-140.3 of Title 47 of the~~
11 ~~Oklahoma Statutes shall be exempt from taxable income.~~

12 ~~18. a. In taxable years beginning after December 31, 2001,~~
13 ~~and before January 1, 2005, there shall be allowed a~~
14 ~~deduction in the amount of contributions to accounts~~
15 ~~established pursuant to the Oklahoma College Savings~~
16 ~~Plan Act. The deduction shall equal the amount of~~
17 ~~contributions to accounts, but in no event shall the~~
18 ~~deduction for each contributor exceed Two Thousand~~
19 ~~Five Hundred Dollars (\$2,500.00) each taxable year for~~
20 ~~each account.~~

21 ~~b. In taxable years beginning after December 31, 2004,~~
22 ~~each taxpayer shall be allowed a deduction for~~
23 ~~contributions to accounts established pursuant to the~~
24 ~~Oklahoma College Savings Plan Act. The maximum annual~~

~~deduction shall equal the amount of contributions to all such accounts plus any contributions to such accounts by the taxpayer for prior taxable years after December 31, 2004, which were not deducted, but in no event shall the deduction for each tax year exceed Ten Thousand Dollars (\$10,000.00) for each individual taxpayer or Twenty Thousand Dollars (\$20,000.00) for taxpayers filing a joint return. Any amount of a contribution that is not deducted by the taxpayer in the year for which the contribution is made may be carried forward as a deduction from income for the succeeding five (5) years. For taxable years beginning after December 31, 2005, deductions may be taken for contributions and rollovers made during a taxable year and up to April 15 of the succeeding year, or the due date of a taxpayer's state income tax return, excluding extensions, whichever is later. Provided, a deduction for the same contribution may not be taken for two (2) different taxable years.~~

e. ~~In taxable years beginning after December 31, 2006, deductions for contributions made pursuant to subparagraph b of this paragraph shall be limited as follows:~~

1 ~~(1) for a taxpayer who qualified for the five year~~
2 ~~carryforward election and who takes a rollover or~~
3 ~~nonqualified withdrawal during that period, the~~
4 ~~tax deduction otherwise available pursuant to~~
5 ~~subparagraph b of this paragraph shall be reduced~~
6 ~~by the amount which is equal to the rollover or~~
7 ~~nonqualified withdrawal, and~~

8 ~~(2) for a taxpayer who elects to take a rollover or~~
9 ~~nonqualified withdrawal within the same tax year~~
10 ~~in which a contribution was made to the~~
11 ~~taxpayer's account, the tax deduction otherwise~~
12 ~~available pursuant to subparagraph b of this~~
13 ~~paragraph shall be reduced by the amount of the~~
14 ~~contribution which is equal to the rollover or~~
15 ~~nonqualified withdrawal.~~

16 ~~d. If a taxpayer elects to take a rollover on a~~
17 ~~contribution for which a deduction has been taken~~
18 ~~pursuant to subparagraph b of this paragraph within~~
19 ~~one year of the date of contribution, the amount of~~
20 ~~such rollover shall be included in the adjusted gross~~
21 ~~income of the taxpayer in the taxable year of the~~
22 ~~rollover.~~

23 ~~e. If a taxpayer makes a nonqualified withdrawal of~~
24 ~~contributions for which a deduction was taken pursuant~~

1 ~~to subparagraph b of this paragraph, such nonqualified~~
2 ~~withdrawal and any earnings thereon shall be included~~
3 ~~in the adjusted gross income of the taxpayer in the~~
4 ~~taxable year of the nonqualified withdrawal.~~

5 f. ~~As used in this paragraph:~~

6 ~~(1) "non-qualified withdrawal" means a withdrawal~~
7 ~~from an Oklahoma College Savings Plan account~~
8 ~~other than one of the following:~~

9 ~~(a) a qualified withdrawal,~~

10 ~~(b) a withdrawal made as a result of the death~~
11 ~~or disability of the designated beneficiary~~
12 ~~of an account,~~

13 ~~(c) a withdrawal that is made on the account of~~
14 ~~a scholarship or the allowance or payment~~
15 ~~described in Section 135(d)(1)(B) or (C) or~~
16 ~~by the Internal Revenue Code, received by~~
17 ~~the designated beneficiary to the extent the~~
18 ~~amount of the refund does not exceed the~~
19 ~~amount of the scholarship, allowance, or~~
20 ~~payment, or~~

21 ~~(d) a rollover or change of designated~~
22 ~~beneficiary as permitted by subsection F of~~
23 ~~Section 3970.7 of Title 70 of Oklahoma~~
24 ~~Statutes, and~~

1 ~~(2) "rollover" means the transfer of funds from the~~
2 ~~Oklahoma College Savings Plan to any other plan~~
3 ~~under Section 529 of the Internal Revenue Code.~~

4 ~~19. For taxable years beginning after December 31, 2005,~~
5 ~~retirement benefits received by an individual from any component of~~
6 ~~the Armed Forces of the United States in an amount not to exceed the~~
7 ~~greater of seventy-five percent (75%) of such benefits or Ten~~
8 ~~Thousand Dollars (\$10,000.00) shall be exempt from taxable income~~
9 ~~but in no case less than the amount of the exemption provided by~~
10 ~~paragraph 15 of this subsection.~~

11 ~~20. For taxable years beginning after December 31, 2006,~~
12 ~~retirement benefits received by federal civil service retirees,~~
13 ~~including survivor annuities, paid in lieu of Social Security~~
14 ~~benefits shall be exempt from taxable income to the extent such~~
15 ~~benefits are included in the federal adjusted gross income pursuant~~
16 ~~to the provisions of Section 86 of the Internal Revenue Code, 26~~
17 ~~U.S.C., Section 86, according to the following schedule:~~

- 18 ~~a. in the taxable year beginning January 1, 2007, twenty~~
19 ~~percent (20%) of such benefits shall be exempt,~~
20 ~~b. in the taxable year beginning January 1, 2008, forty~~
21 ~~percent (40%) of such benefits shall be exempt,~~
22 ~~c. in the taxable year beginning January 1, 2009, sixty~~
23 ~~percent (60%) of such benefits shall be exempt,~~

- 1 d. ~~in the taxable year beginning January 1, 2010, eighty~~
2 ~~percent (80%) of such benefits shall be exempt, and~~
3 e. ~~in the taxable year beginning January 1, 2011, and~~
4 ~~subsequent taxable years, one hundred percent (100%)~~
5 ~~of such benefits shall be exempt.~~

6 21. a. ~~For taxable years beginning after December 31, 2007, a~~
7 ~~resident individual may deduct up to Ten Thousand~~
8 ~~Dollars (\$10,000.00) from Oklahoma adjusted gross~~
9 ~~income if the individual, or the dependent of the~~
10 ~~individual, while living, donates one or more human~~
11 ~~organs of the individual to another human being for~~
12 ~~human organ transplantation. As used in this~~
13 ~~paragraph, "human organ" means all or part of a liver,~~
14 ~~pancreas, kidney, intestine, lung, or bone marrow. A~~
15 ~~deduction that is claimed under this paragraph may be~~
16 ~~claimed in the taxable year in which the human organ~~
17 ~~transplantation occurs.~~

18 b. ~~An individual may claim this deduction only once, and~~
19 ~~the deduction may be claimed only for unreimbursed~~
20 ~~expenses that are incurred by the individual and~~
21 ~~related to the organ donation of the individual.~~

22 c. ~~The Oklahoma Tax Commission shall promulgate rules to~~
23 ~~implement the provisions of this paragraph which shall~~
24 ~~contain a specific list of expenses which may be~~

1 ~~presumed to qualify for the deduction. The Tax~~
2 ~~Commission shall prescribe necessary requirements for~~
3 ~~verification.~~

4 ~~22. For taxable years beginning after December 31, 2009, there~~
5 ~~shall be exempt from taxable income any amount received by the~~
6 ~~beneficiary of the death benefit for an emergency medical technician~~
7 ~~or a registered emergency medical responder provided by Section 1-~~
8 ~~2505.1 of Title 63 of the Oklahoma Statutes.~~

9 ~~23. For taxable years beginning after December 31, 2008,~~
10 ~~taxable income shall be increased by any unemployment compensation~~
11 ~~exempted under Section 85 (c) of the Internal Revenue Code, 26~~
12 ~~U.S.C., Section 85(c) (2009).~~

13 ~~24. For taxable years beginning after December 31, 2008, there~~
14 ~~shall be exempt from taxable income any payment in an amount less~~
15 ~~than Six Hundred Dollars (\$600.00) received by a person as an award~~
16 ~~for participation in a competitive livestock show event. For~~
17 ~~purposes of this paragraph, the payment shall be treated as a~~
18 ~~scholarship amount paid by the entity sponsoring the event and the~~
19 ~~sponsoring entity shall cause the payment to be categorized as a~~
20 ~~scholarship in its books and records.~~

21 ~~F. 1. For taxable years beginning after December 31, 2004, a~~
22 ~~deduction from the Oklahoma adjusted gross income of any individual~~
23 ~~taxpayer shall be allowed for qualifying gains receiving capital~~
24

1 ~~treatment that are included in the federal adjusted gross income of~~
2 ~~such individual taxpayer during the taxable year.~~

3 ~~2. As used in this subsection:~~

4 a. ~~"qualifying gains receiving capital treatment" means~~
5 ~~the amount of net capital gains, as defined in Section~~
6 ~~1222(11) of the Internal Revenue Code, included in an~~
7 ~~individual taxpayer's federal income tax return that~~
8 ~~result from:~~

9 ~~(1) the sale of real property or tangible personal~~
10 ~~property located within Oklahoma that has been~~
11 ~~directly or indirectly owned by the individual~~
12 ~~taxpayer for a holding period of at least five~~
13 ~~(5) years prior to the date of the transaction~~
14 ~~from which such net capital gains arise,~~

15 ~~(2) the sale of stock or the sale of a direct or~~
16 ~~indirect ownership interest in an Oklahoma~~
17 ~~company, limited liability company, or~~
18 ~~partnership where such stock or ownership~~
19 ~~interest has been directly or indirectly owned by~~
20 ~~the individual taxpayer for a holding period of~~
21 ~~at least two (2) years prior to the date of the~~
22 ~~transaction from which the net capital gains~~
23 ~~arise, or~~

1 ~~(3) the sale of real property, tangible personal~~
2 ~~property or intangible personal property located~~
3 ~~within Oklahoma as part of the sale of all or~~
4 ~~substantially all of the assets of an Oklahoma~~
5 ~~company, limited liability company, or~~
6 ~~partnership or an Oklahoma proprietorship~~
7 ~~business enterprise where such property has been~~
8 ~~directly or indirectly owned by such entity or~~
9 ~~business enterprise or owned by the owners of~~
10 ~~such entity or business enterprise for a period~~
11 ~~of at least two (2) years prior to the date of~~
12 ~~the transaction from which the net capital gains~~
13 ~~arise,~~

14 ~~b. "holding period" means an uninterrupted period of~~
15 ~~time. The holding period shall include any additional~~
16 ~~period when the property was held by another~~
17 ~~individual or entity, if such additional period is~~
18 ~~included in the taxpayer's holding period for the~~
19 ~~asset pursuant to the Internal Revenue Code,~~

20 ~~c. "Oklahoma company," "limited liability company," or~~
21 ~~"partnership" means an entity whose primary~~
22 ~~headquarters have been located in Oklahoma for at~~
23 ~~least three (3) uninterrupted years prior to the date~~
24

1 of the transaction from which the net capital gains
2 arise,

3 d. "direct" means the individual taxpayer directly owns
4 the asset,

5 e. "indirect" means the individual taxpayer owns an
6 interest in a pass-through entity (or chain of pass-
7 through entities) that sells the asset that gives rise
8 to the qualifying gains receiving capital treatment.

9 (1) With respect to sales of real property or
10 tangible personal property located within
11 Oklahoma, the deduction described in this
12 subsection shall not apply unless the pass-
13 through entity that makes the sale has held the
14 property for not less than five (5) uninterrupted
15 years prior to the date of the transaction that
16 created the capital gain, and each pass-through
17 entity included in the chain of ownership has
18 been a member, partner, or shareholder of the
19 pass-through entity in the tier immediately below
20 it for an uninterrupted period of not less than
21 five (5) years.

22 (2) With respect to sales of stock or ownership
23 interest in or sales of all or substantially all
24 of the assets of an Oklahoma company, limited

1 ~~liability company, partnership or Oklahoma~~
2 ~~proprietorship business enterprise, the deduction~~
3 ~~described in this subsection shall not apply~~
4 ~~unless the pass-through entity that makes the~~
5 ~~sale has held the stock or ownership interest for~~
6 ~~not less than two (2) uninterrupted years prior~~
7 ~~to the date of the transaction that created the~~
8 ~~capital gain, and each pass-through entity~~
9 ~~included in the chain of ownership has been a~~
10 ~~member, partner or shareholder of the pass-~~
11 ~~through entity in the tier immediately below it~~
12 ~~for an uninterrupted period of not less than two~~
13 ~~(2) years. For purposes of this division,~~
14 ~~uninterrupted ownership prior to the effective~~
15 ~~date of this act shall be included in the~~
16 ~~determination of the required holding period~~
17 ~~prescribed by this division, and~~

18 ~~f. "Oklahoma proprietorship business enterprise" means a~~
19 ~~business enterprise whose income and expenses have~~
20 ~~been reported on Schedule C or F of an individual~~
21 ~~taxpayer's federal income tax return, or any similar~~
22 ~~successor schedule published by the Internal Revenue~~
23 ~~Service and whose primary headquarters have been~~
24 ~~located in Oklahoma for at least three (3)~~

1 ~~uninterrupted years prior to the date of the~~
2 ~~transaction from which the net capital gains arise.~~

3 G. F. 1. For purposes of computing ~~it's~~ the Oklahoma taxable
4 income of a corporation or other taxpayer that is not a natural
5 person under this section, the dividends-paid deduction otherwise
6 allowed by federal law in computing net income of a real estate
7 investment trust that is subject to federal income tax shall be
8 added back in computing the tax imposed by this state under this
9 title if the real estate investment trust is a captive real estate
10 investment trust.

11 2. For purposes of computing its Oklahoma taxable income under
12 this section, a taxpayer shall add back otherwise deductible rents
13 and interest expenses paid to a captive real estate investment trust
14 that is not subject to the provisions of paragraph 1 of this
15 subsection. As used in this subsection:

- 16 a. the term "real estate investment trust" or "REIT"
17 means the meaning ascribed to such term in Section 856
18 of the Internal Revenue Code of 1986, as amended,
- 19 b. the term "captive real estate investment trust" means
20 a real estate investment trust, the shares or
21 beneficial interests of which are not regularly traded
22 on an established securities market and more than
23 fifty percent (50%) of the voting power or value of
24 the beneficial interests or shares of which are owned

1 or controlled, directly or indirectly, or
2 constructively, by a single entity that is:

- 3 (1) treated as an association taxable as a
4 corporation under the Internal Revenue Code of
5 1986, as amended, and
6 (2) not exempt from federal income tax pursuant to
7 the provisions of Section 501(a) of the Internal
8 Revenue Code of 1986, as amended.

9 The term shall not include a real estate investment
10 trust that is intended to be regularly traded on an
11 established securities market, and that satisfies the
12 requirements of Section 856(a) (5) and (6) of the U.S.
13 Internal Revenue Code by reason of Section 856(h) (2)
14 of the Internal Revenue Code,

15 c. the term "association taxable as a corporation" shall
16 not include the following entities:

- 17 (1) any real estate investment trust as defined in
18 paragraph a of this subsection other than a
19 "captive real estate investment trust", or
20 (2) any qualified real estate investment trust
21 subsidiary under Section 856(i) of the Internal
22 Revenue Code of 1986, as amended, other than a
23 qualified REIT subsidiary of a "captive real
24 estate investment trust", or

1 (3) any Listed Australian Property Trust (meaning an
2 Australian unit trust registered as a "Managed
3 Investment Scheme" under the Australian
4 Corporations Act in which the principal class of
5 units is listed on a recognized stock exchange in
6 Australia and is regularly traded on an
7 established securities market), or an entity
8 organized as a trust, provided that a Listed
9 Australian Property Trust owns or controls,
10 directly or indirectly, seventy-five percent
11 (75%) or more of the voting power or value of the
12 beneficial interests or shares of such trust, or

13 (4) any Qualified Foreign Entity, meaning a
14 corporation, trust, association or partnership
15 organized outside the laws of the United States
16 and which satisfies the following criteria:

17 (a) at least seventy-five percent (75%) of the
18 entity's total asset value at the close of
19 its taxable year is represented by real
20 estate assets, as defined in Section
21 856(c)(5)(B) of the Internal Revenue Code of
22 1986, as amended, thereby including shares
23 or certificates of beneficial interest in
24 any real estate investment trust, cash and

1 cash equivalents, and U.S. Government
2 securities,

3 (b) the entity receives a dividend-paid
4 deduction comparable to Section 561 of the
5 Internal Revenue Code of 1986, as amended,
6 or is exempt from entity level tax,

7 (c) the entity is required to distribute at
8 least eighty-five percent (85%) of its
9 taxable income, as computed in the
10 jurisdiction in which it is organized, to
11 the holders of its shares or certificates of
12 beneficial interest on an annual basis,

13 (d) not more than ten percent (10%) of the
14 voting power or value in such entity is held
15 directly or indirectly or constructively by
16 a single entity or individual, or the shares
17 or beneficial interests of such entity are
18 regularly traded on an established
19 securities market, and

20 (e) the entity is organized in a country which
21 has a tax treaty with the United States.

22 3. For purposes of this subsection, the constructive ownership
23 rules of Section 318(a) of the Internal Revenue Code of 1986, as
24 amended, as modified by Section 856(d) (5) of the Internal Revenue

1 Code of 1986, as amended, shall apply in determining the ownership
2 of stock, assets, or net profits of any person.

3 4. A real estate investment trust that does not become
4 regularly traded on an established securities market within one (1)
5 year of the date on which it first becomes a real estate investment
6 trust shall be deemed not to have been regularly traded on an
7 established securities market, retroactive to the date it first
8 became a real estate investment trust, and shall file an amended
9 return reflecting such retroactive designation for any tax year or
10 part year occurring during its initial year of status as a real
11 estate investment trust. For purposes of this subsection, a real
12 estate investment trust becomes a real estate investment trust on
13 the first day it has both met the requirements of Section 856 of the
14 Internal Revenue Code and has elected to be treated as a real estate
15 investment trust pursuant to Section 856(c)(1) of the Internal
16 Revenue Code.

17 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2358.5, is
18 amended to read as follows:

19 Section 2358.5 A. Interest on local governmental obligations
20 issued after the effective date of this act for purposes other than
21 to provide financing for projects for nonprofit corporations shall
22 be exempt from Oklahoma income taxation. For these purposes, local
23 governmental obligations shall include bonds or notes issued by, or
24 on behalf of, or for the benefit of Oklahoma educational

1 institutions, cities, towns, or counties or by public trusts of
2 which any of the foregoing is a beneficiary.

3 B. Interest on governmental obligations issued by the Oklahoma
4 Department of Transportation after the effective date of this act
5 for purposes of highway construction and maintenance shall be exempt
6 from Oklahoma income taxation.

7 C. The provisions of this section shall not be effective as law
8 with respect to interest on local governmental obligations issued on
9 or after the effective date of this act.

10 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2358.5A, is
11 amended to read as follows:

12 Section 2358.5A A. All bonds, notes, debentures, evidences of
13 indebtedness, lease purchase agreements, certificates of
14 participation, commercial paper, or other obligations issued by the
15 State of Oklahoma, the Oklahoma Capitol Improvement Authority, the
16 Oklahoma Municipal Power Authority, the Oklahoma Student Loan
17 Authority, and the Oklahoma Transportation Authority, the income
18 therefrom, including, without limitation, any profit made on the
19 sale thereof, and the transfer thereof, including, without
20 limitation, estate or inheritance taxes, shall at all times be free
21 from taxation within this state.

22 B. The provisions of this section shall be supplemental to, and
23 not limiting or restrictive of, any law involving the taxation of
24 such obligations within the State of Oklahoma.

1 C. The provisions of this section shall not be effective as law
2 with respect to interest on state governmental obligations issued on
3 or after the effective date of this act.

4 SECTION 10. REPEALER 68 O.S. 2011, Section 2355.1A, is
5 hereby repealed.

6 SECTION 11. REPEALER 68 O.S. 2011, Section 2357.4, is
7 hereby repealed.

8 SECTION 12. REPEALER 68 O.S. 2011, Section 2357.6, is
9 hereby repealed.

10 SECTION 13. REPEALER 68 O.S. 2011, Sections 2357.7,
11 2357.7A, 2357.8 and 2357.8A, are hereby repealed.

12 SECTION 14. REPEALER 68 O.S. 2011, Sections 2357.10 and
13 2357.11, are hereby repealed.

14 SECTION 15. REPEALER 68 O.S. 2011, Section 2357.13, is
15 hereby repealed.

16 SECTION 16. REPEALER 68 O.S. 2011, Section 2357.24, is
17 hereby repealed.

18 SECTION 17. REPEALER 68 O.S. 2011, Section 2357.25, is
19 hereby repealed.

20 SECTION 18. REPEALER 68 O.S. 2011, Section 2357.25A, is
21 hereby repealed.

22 SECTION 19. REPEALER 68 O.S. 2011, Section 2357.26, is
23 hereby repealed.

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1 SECTION 20. REPEALER 68 O.S. 2011, Section 2357.27, is
2 hereby repealed.

3 SECTION 21. REPEALER 68 O.S. 2011, Section 2357.28, is
4 hereby repealed.

5 SECTION 22. REPEALER 68 O.S. 2011, Section 2357.29, is
6 hereby repealed.

7 SECTION 23. REPEALER 68 O.S. 2011, Section 2357.30, is
8 hereby repealed.

9 SECTION 24. REPEALER 68 O.S. 2011, Section 2357.31, is
10 hereby repealed.

11 SECTION 25. REPEALER 68 O.S. 2011, Section 2357.32, is
12 hereby repealed.

13 SECTION 26. REPEALER 68 O.S. 2011, Section 2357.32A, is
14 hereby repealed.

15 SECTION 27. REPEALER 68 O.S. 2011, Section 2357.32B, is
16 hereby repealed.

17 SECTION 28. REPEALER 68 O.S. 2011, Section 2357.33, is
18 hereby repealed.

19 SECTION 29. REPEALER 68 O.S. 2011, Sections 2357.34,
20 2357.35, 2357.36, 2357.37, 2357.38, 2357.39 and 2357.40, are hereby
21 repealed.

22 SECTION 30. REPEALER 68 O.S. 2011, Section 2357.41, is
23 hereby repealed.

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1 SECTION 31. REPEALER 68 O.S. 2011, Section 2357.42, is
2 hereby repealed.

3 SECTION 32. REPEALER 68 O.S. 2011, Section 2357.43, is
4 hereby repealed.

5 SECTION 33. REPEALER 68 O.S. 2011, Section 2357.45, is
6 hereby repealed.

7 SECTION 34. REPEALER 68 O.S. 2011, Section 2357.46, is
8 hereby repealed.

9 SECTION 35. REPEALER 68 O.S. 2011, Section 2357.47, is
10 hereby repealed.

11 SECTION 36. REPEALER 68 O.S. 2011, Section 2357.59, is
12 hereby repealed.

13 SECTION 37. REPEALER 68 O.S. 2011, Sections 2357.60,
14 2357.61, 2357.61a, 2357.62, 2357.63, 2357.63A, 2357.63B, 2357.63C,
15 2357.63D, 2357.63E, 2357.64, 2357.65 and 2357.65A, are hereby
16 repealed.

17 SECTION 38. REPEALER 68 O.S. 2011, Section 2357.66, is
18 hereby repealed.

19 SECTION 39. REPEALER 68 O.S. 2011, Section 2357.67, is
20 hereby repealed.

21 SECTION 40. REPEALER 68 O.S. 2011, Sections 2357.71,
22 2357.72, 2357.72a, 2357.73, 2357.74, 2357.74A, 2357.74B, 2357.74C,
23 2357.74D, 2357.74E, 2357.75, 2357.76 and 2357.76A, are hereby
24 repealed.

1 SECTION 41. REPEALER 68 O.S. 2011, Section 2357.81, is
2 hereby repealed.

3 SECTION 42. REPEALER 68 O.S. 2011, Section 2357.100, is
4 hereby repealed.

5 SECTION 43. REPEALER 68 O.S. 2011, Section 2357.101, is
6 hereby repealed.

7 SECTION 44. REPEALER 68 O.S. 2011, Section 2357.102, is
8 hereby repealed.

9 SECTION 45. REPEALER 68 O.S. 2011, Sections 2357.103 and
10 2357.104, are hereby repealed.

11 SECTION 46. REPEALER 68 O.S. 2011, Section 2357.201, is
12 hereby repealed.

13 SECTION 47. REPEALER 68 O.S. 2011, Section 2357.202, is
14 hereby repealed.

15 SECTION 48. REPEALER 68 O.S. 2011, Section 2357.203, is
16 hereby repealed.

17 SECTION 49. REPEALER 68 O.S. 2011, Sections 2357.204 and
18 2357.205, are hereby repealed.

19 SECTION 50. REPEALER 68 O.S. 2011, Section 2357.206, is
20 hereby repealed.

21 SECTION 51. REPEALER 68 O.S. 2011, Section 2357.401, is
22 hereby repealed.

23 SECTION 52. REPEALER 68 O.S. 2011, Section 2357.402, is
24 hereby repealed.

1 SECTION 53. REPEALER 68 O.S. 2011, Section 2358.1, is
2 hereby repealed.

3 SECTION 54. REPEALER 68 O.S. 2011, Section 2358.1A, is
4 hereby repealed.

5 SECTION 55. REPEALER 68 O.S. 2011, Section 2358.3, is
6 hereby repealed.

7 SECTION 56. REPEALER 68 O.S. 2011, Section 2358.4, is
8 hereby repealed.

9 SECTION 57. REPEALER 68 O.S. 2011, Section 2358.6, is
10 hereby repealed.

11 SECTION 58. REPEALER 68 O.S. 2011, Section 2358.7, is
12 hereby repealed.

13 SECTION 59. REPEALER 68 O.S. 2011, Section 2370.1, is
14 hereby repealed.

15 SECTION 60. REPEALER 68 O.S. 2011, Section 2370.3, is
16 hereby repealed.

17 SECTION 61. REPEALER 68 O.S. 2011, Sections 2904, 2905,
18 2906, 2907, 2908, 2909, 2910 and 2911, are hereby repealed.

19 SECTION 62. REPEALER 68 O.S. 2011, Sections 5010, 5011,
20 5012, 5013, 5014, 5015 and 5016, are hereby repealed.

21 SECTION 63. REPEALER 68 O.S. 2011, Section 54006, is
22 hereby repealed.

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SECTION 64. This act shall become effective January 1, 2013.

53-2-9941 CJB 03/01/12