

1 ENGROSSED SENATE
2 BILL NO. 1623

By: Mazzei and Newberry of the
Senate

3 and

4 Dank of the House

5
6
7 [income tax - income tax rates - tax credits]
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9

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

11 SECTION 1. AMENDATORY 27A O.S. 2011, Section 2-11-303,
12 is amended to read as follows:

13 Section 2-11-303. A. Except as otherwise provided in
14 subsection C of this section, any person, firm, corporation or other
15 legal entity engaged, or proposing to engage, in the recycling,
16 reuse or source reduction of any hazardous waste, the processing of
17 which is certified as provided in Section 2-11-305 of this title,
18 shall be entitled to a one-time credit against its income tax
19 liability, as provided in Section 2-11-304 of this title, of not to
20 exceed twenty percent (20%) of the net investment cost of equipment
21 and installation of processes used for the recycling, reuse, or
22 source reduction of hazardous waste. Provided, that:
23
24

1 1. The credit allowed to be taken shall not exceed the income
2 tax liability for such year for such person, firm, corporation or
3 legal entity;

4 2. The tax credit to be allowed shall not extend to or include
5 plant operating expenses;

6 3. The person, firm, corporation or other legal entity applying
7 for such tax credit actually uses the recycling, reuse, or source
8 reduction process;

9 4. The tax credit is taken within three (3) years of the
10 installation and actual use of such process; and

11 5. The tax credit allowed by any person, firm, corporation or
12 other legal entity for any three (3) consecutive tax years shall not
13 exceed a total of Fifty Thousand Dollars (\$50,000.00).

14 B. The investment cost of such process may be treated as a
15 depreciable asset for income tax purposes.

16 C. No credit otherwise authorized by the provisions of this
17 section may be claimed for any event, transaction, investment,
18 expenditure or other act occurring on or after July 1, 2010, ~~for~~
19 ~~which the credit would otherwise be allowable. The provisions of~~
20 ~~this subsection shall cease to be operative on July 1, 2012.~~

21 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
22 ~~claimed for any event, transaction, investment, expenditure or other~~
23 ~~act occurring on or after July 1, 2012, according to the provisions~~
24 ~~of this section through June 30, 2012. Total credits allowed for~~

1 any event, transaction, investment, expenditure or other act
2 pursuant to this section for the time period beginning on July 1,
3 2012, through December 31, 2013, shall be limited to fifty percent
4 (50%) of the total amount of accrued credit. For tax year 2014 and
5 all subsequent tax years, no credit shall be allowed for any event,
6 transaction, investment, expenditure or other act pursuant to this
7 section.

8 SECTION 2. 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

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

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

B. 1. Individuals. For all taxable years beginning on or after January 1, 2008, and before January 1, 2012, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

~~1.~~

a. Single individuals and married individuals filing separately:

- ~~(a)~~ (1) 1/2% tax on first \$1,000.00 or part thereof,
- ~~(b)~~ (2) 1% tax on next \$1,500.00 or part thereof,
- ~~(c)~~ (3) 2% tax on next \$1,250.00 or part thereof,
- ~~(d)~~ (4) 3% tax on next \$1,150.00 or part thereof,

1 ~~(e)~~ (5) 4% tax on next \$2,300.00 or part thereof,
2 ~~(f)~~ (6) 5% tax on next \$1,500.00 or part thereof,
3 and
4 ~~(g)~~ (7) 5.50% tax on the remainder for the 2008 tax
5 year ~~and any subsequent~~ through the 2011 tax year
6 ~~unless the rate prescribed by subparagraph (h) of~~
7 ~~this paragraph is in effect, and~~
8 ~~(h)~~ ~~5.25% tax on the remainder for the 2009 and~~
9 ~~subsequent tax years. The decrease in the top~~
10 ~~marginal individual income tax rate otherwise~~
11 ~~authorized by this subparagraph shall be~~
12 ~~contingent upon the determination required to be~~
13 ~~made by the State Board of Equalization pursuant~~
14 ~~to Section 2355.1A of this title.~~

15 ~~2.~~

16 b. Married individuals filing jointly and surviving
17 spouse to the extent and in the manner that a
18 surviving spouse is permitted to file a joint return
19 under the provisions of the Internal Revenue Code and
20 heads of households as defined in the Internal Revenue
21 Code:

22 ~~(a)~~ (1) 1/2% tax on first \$2,000.00 or part thereof,
23 ~~(b)~~ (2) 1% tax on next \$3,000.00 or part thereof,
24 ~~(c)~~ (3) 2% tax on next \$2,500.00 or part thereof,

1 ~~(d)~~ (4) 3% tax on next \$2,300.00 or part thereof,

2 ~~(e)~~ (5) 4% tax on next \$2,400.00 or part thereof,

3 ~~(f)~~ (6) 5% tax on next \$2,800.00 or part thereof,

4 and

5 ~~(g)~~ (7) 5.50% tax on the remainder for the 2008 tax

6 year ~~and any subsequent~~ through the 2011 tax year

7 ~~unless the rate prescribed by subparagraph (h) of~~

8 ~~this paragraph is in effect, and~~

9 ~~(h)~~ ~~5.25% tax on the remainder for the 2009 and~~

10 ~~subsequent tax years. The decrease in the top~~

11 ~~marginal individual income tax rate otherwise~~

12 ~~authorized by this subparagraph shall be~~

13 ~~contingent upon the determination required to be~~

14 ~~made by the State Board of Equalization pursuant~~

15 ~~to Section 2355.1A of this title.~~

16 2. Individuals. For the taxable year beginning on January 1,
17 2012, a tax is hereby imposed upon the Oklahoma taxable income of
18 every resident or nonresident individual, which tax shall be
19 computed as follows:

20 a. Single individuals and married individuals filing
21 separately:

22 (1) 1/2% tax on first \$1,000.00 or part thereof,

23 (2) 1% tax on next \$1,500.00 or part thereof,

24 (3) 2% tax on next \$1,250.00 or part thereof,

- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$2,300.00 or part thereof,
- (6) 5% tax on next \$1,500.00 or part thereof, and
- (7) 5.25% tax on the remainder.

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

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (2) 1% tax on next \$3,000.00 or part thereof,
- (3) 2% tax on next \$2,500.00 or part thereof,
- (4) 3% tax on next \$2,300.00 or part thereof,
- (5) 4% tax on next \$2,400.00 or part thereof,
- (6) 5% tax on next \$2,800.00 or part thereof, and
- (7) 5.25% tax on the remainder.

3. Individuals. For the taxable year beginning on January 1, 2013, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

a. Single individuals and married individuals filing separately:

- (1) 1/2% tax on first \$1,000.00 or part thereof,

- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$2,300.00 or part thereof, and
- (6) 5% tax on the remainder.

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

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (2) 1% tax on next \$3,000.00 or part thereof,
- (3) 2% tax on next \$2,500.00 or part thereof,
- (4) 3% tax on next \$2,300.00 or part thereof,
- (5) 4% tax on next \$2,400.00 or part thereof, and
- (6) 5% tax on the remainder.

4. Individuals. For all taxable years beginning on or after January 1, 2014, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

a. Single individuals and married individuals filing separately:

- (1) 1/2% tax on first \$1,000.00 or part thereof,

- 1 (2) 1% tax on next \$1,500.00 or part thereof,
- 2 (3) 2% tax on next \$1,250.00 or part thereof,
- 3 (4) 3% tax on next \$1,150.00 or part thereof,
- 4 (5) 4% tax on next \$2,300.00 or part thereof, and
- 5 (6) 4.75% tax on the remainder.

6 b. Married individuals filing jointly and surviving
7 spouse to the extent and in the manner that a
8 surviving spouse is permitted to file a joint return
9 under the provisions of the Internal Revenue Code and
10 heads of households as defined in the Internal Revenue
11 Code:

- 12 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 13 (2) 1% tax on next \$3,000.00 or part thereof,
- 14 (3) 2% tax on next \$2,500.00 or part thereof,
- 15 (4) 3% tax on next \$2,300.00 or part thereof,
- 16 (5) 4% tax on the next \$2,400.00 or part thereof, and
- 17 (6) 4.75% tax on the remainder.

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

20 C. Nonresident aliens. In lieu of the rates set forth in
21 subsection A above, there shall be imposed on nonresident aliens, as
22 defined in the Internal Revenue Code, a tax of eight percent (8%)
23 instead of thirty percent (30%) as used in the Internal Revenue
24 Code, with respect to the Oklahoma taxable income of such

1 nonresident aliens as determined under the provision of the Oklahoma
2 Income Tax Act.

3 Every payer of amounts covered by this subsection shall deduct
4 and withhold from such amounts paid each payee an amount equal to
5 eight percent (8%) thereof. Every payer required to deduct and
6 withhold taxes under this subsection shall for each quarterly period
7 on or before the last day of the month following the close of each
8 such quarterly period, pay over the amount so withheld as taxes to
9 the Tax Commission, and shall file a return with each such payment.
10 Such return shall be in such form as the Tax Commission shall
11 prescribe. Every payer required under this subsection to deduct and
12 withhold a tax from a payee shall, as to the total amounts paid to
13 each payee during the calendar year, furnish to such payee, on or
14 before January 31, of the succeeding year, a written statement
15 showing the name of the payer, the name of the payee and the payee's
16 social security account number, if any, the total amount paid
17 subject to taxation, and the total amount deducted and withheld as
18 tax and such other information as the Tax Commission may require.
19 Any payer who fails to withhold or pay to the Tax Commission any
20 sums herein required to be withheld or paid shall be personally and
21 individually liable therefor to the State of Oklahoma.

22 D. Corporations. For all taxable years beginning after
23 December 31, 1989 and ending on or before December 31, 2012, a tax
24 is hereby imposed upon the Oklahoma taxable income of every

1 corporation doing business within this state or deriving income from
2 sources within this state in an amount equal to six percent (6%)
3 thereof. For all taxable years beginning on or after January 1,
4 2013, a tax is hereby imposed upon the Oklahoma taxable income of
5 every corporation doing business within this state or deriving
6 income from sources within this state in an amount equal to five and
7 one-half percent (5.5%) thereof.

8 There shall be no additional Oklahoma income tax imposed on
9 accumulated taxable income or on undistributed personal holding
10 company income as those terms are defined in the Internal Revenue
11 Code.

12 E. Certain foreign corporations. In lieu of the tax imposed in
13 the first paragraph of subsection C of this section, for all taxable
14 years beginning after December 31, 1989, there shall be imposed on
15 foreign corporations, as defined in the Internal Revenue Code, a tax
16 of six percent (6%) instead of thirty percent (30%) as used in the
17 Internal Revenue Code, where such income is received from sources
18 within Oklahoma, in accordance with the provisions of the Internal
19 Revenue Code and 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 six percent (6%) 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 amounts paid
10 subject to taxation, the total amount deducted and withheld as tax
11 and such other information as the Tax Commission may require. Any
12 payer who fails to withhold or pay to the Tax Commission any sums
13 herein required to be withheld or paid shall be personally and
14 individually liable therefor to the State of Oklahoma.

15 F. Fiduciaries. A tax is hereby imposed upon the Oklahoma
16 taxable income of every trust and estate at the same rates as are
17 provided in subsection B of this section for single individuals.
18 Fiduciaries are not allowed a deduction for any federal income tax
19 paid.

20 G. Tax rate tables. For all taxable years beginning after
21 December 31, 1991, in lieu of the tax imposed by subsection A or B
22 of this section, as applicable there is hereby imposed for each
23 taxable year on the taxable income of every individual, whose
24 taxable income for such taxable year does not exceed the ceiling

1 amount, a tax determined under tables, applicable to such taxable
2 year which shall be prescribed by the Tax Commission and which shall
3 be in such form as it determines appropriate. In the table so
4 prescribed, the amounts of the tax shall be computed on the basis of
5 the rates prescribed by subsections A and B of this section. For
6 purposes of this subsection, the term "ceiling amount" means, with
7 respect to any taxpayer, the amount determined by the Tax Commission
8 for the tax rate category in which such taxpayer falls.

9 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357, is
10 amended to read as follows:

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

13 B. 1. There shall be allowed as a credit against the tax
14 imposed by Section 2355 of this title the amount of tax paid another
15 state by a resident individual, as defined in paragraph 4 of Section
16 2353 of this title, upon income received as compensation for
17 personal services in such other state; provided, such credit shall
18 not be allowed with respect to any income specified in Section 114
19 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon
20 which a state is prohibited from imposing an income tax. The credit
21 shall not exceed such proportion of the tax payable under Section
22 2355 of this title as the compensation for personal services subject
23 to tax in the other state and also taxable under Section 2355 of

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1 this title bears to the Oklahoma adjusted gross income as defined in
2 paragraph 13 of Section 2353 of this title.

3 2. For tax years beginning after December 31, 2007 and ending
4 before January 1, 2013, there shall be allowed to a resident
5 individual or part-year resident individual or nonresident
6 individual member of the Armed Forces as a credit against the tax
7 imposed by Section 2355 of this title twenty percent (20%) of the
8 credit for child care expenses allowed under the Internal Revenue
9 Code of the United States or five percent (5%) of the child tax
10 credit allowed under the Internal Revenue Code, whichever amount is
11 greater. For the 2013 tax year, the credit allowed pursuant to this
12 section shall be ten percent (10%) of the credit for child care
13 expenses allowed under the Internal Revenue Code of the United
14 States or two and one-half percent (2.5%) of the child tax credit
15 allowed under the Internal Revenue Code, whichever amount is
16 greater. For the 2014 tax year and all subsequent tax years, there
17 shall be no credit allowed pursuant to this paragraph. Neither
18 credit authorized by this paragraph shall exceed the tax imposed by
19 Section 2355 of this title. The maximum child care credit allowable
20 on the Oklahoma income tax return shall be prorated on the ratio
21 that Oklahoma adjusted gross income bears to the federal adjusted
22 gross income. The credit authorized by this paragraph shall not be
23 claimed by any taxpayer if the federal adjusted gross income

1 reflected on the Oklahoma return for the taxpayer is in excess of
2 One Hundred Thousand Dollars (\$100,000.00).

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

15 2. As used in this subsection:

16 a. "manufacturing establishment" means a plant or
17 establishment which engages in the business of working
18 raw materials into wares suitable for use or which
19 gives new shapes, new qualities or new combinations to
20 matter which has already gone through some artificial
21 process,

22 b. "gas used or consumed" shall include all natural or
23 casinghead gas used in the operation of the
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1 manufacturing establishment for whatever purposes, but
2 shall not include the following:

3 (1) gas which, after being severed from the earth, is
4 subsequently injected into a formation in the
5 state for the purpose of storing, recycling,
6 repressuring or pressure maintenance,

7 (2) gas vented or flared directly into the
8 atmosphere,

9 (3) gas used for fuel in connection with the
10 operation and development for or production of
11 oil or gas in the field where produced, and

12 (4) gas, any part of which is resold by the
13 manufacturing establishment, except as to that
14 part and quantity of the gas which is actually
15 used by the establishment and not resold, and

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

22 3. No credit otherwise authorized by the provisions of this
23 subsection may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010, ~~for~~

1 ~~which the credit would otherwise be allowable. The provisions of~~
2 ~~this paragraph shall cease to be operative on July 1, 2012.~~
3 ~~Beginning July 1, 2012, the credit authorized by this subsection may~~
4 ~~be claimed for any event, transaction, investment, expenditure or~~
5 ~~other act occurring on or after July 1, 2012, according to the~~
6 ~~provisions of this subsection through June 30, 2012. Total credits~~
7 ~~allowed for any event, transaction, investment, expenditure or other~~
8 ~~act pursuant to this section for the time period beginning on July~~
9 ~~1, 2012, through December 31, 2013, shall be limited to fifty~~
10 ~~percent (50%) of the total amount of accrued credit. For tax year~~
11 ~~2014 and all subsequent tax years, no credit shall be allowed for~~
12 ~~any event, transaction, investment, expenditure or other act~~
13 ~~pursuant to this section.~~

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

18 1. Those credits provided in this section; and

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

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

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

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

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

17 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.4, is
18 amended to read as follows:

19 Section 2357.4. A. Except as otherwise provided in subsection
20 F of Section 3658 of this title and in subsection J of this section,
21 for taxable years beginning after December 31, 1987, there shall be
22 allowed a credit against the tax imposed by Section 2355 of this
23 title for:

1 1. Investment in qualified depreciable property placed in
2 service during those years for use in a manufacturing operation, as
3 defined in Section 1352 of this title, which has received a
4 manufacturer exemption permit pursuant to the provisions of Section
5 1359.2 of this title or a qualified aircraft maintenance or
6 manufacturing facility as defined in paragraph 14 of Section 1357 of
7 this title in this state or a qualified web search portal as defined
8 paragraph 35 of Section 1357 of this title; or

9 2. A net increase in the number of full-time-equivalent
10 employees engaged in manufacturing, processing or aircraft
11 maintenance in this state including employees engaged in support
12 services.

13 B. Except as otherwise provided in subsection F of Section 3658
14 of this title and in subsection J of this section, for taxable years
15 beginning after December 31, 1998, there shall be allowed a credit
16 against the tax imposed by Section 2355 of this title for:

17 1. Investment in qualified depreciable property with a total
18 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
19 within three (3) years from the date of initial qualifying
20 expenditure and placed in service in this state during those years
21 for use in the manufacture of products described by any Industry
22 Number contained in Division D of Part I of the Standard Industrial
23 Classification (SIC) Manual, latest revision; or

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1 2. A net increase in the number of full-time-equivalent
2 employees in this state engaged in the manufacture of any goods
3 identified by any Industry Number contained in Division D of Part I
4 of the Standard Industrial Classification (SIC) Manual, latest
5 revision, if the total cost of qualified depreciable property placed
6 in service by the business entity within the state equals or exceeds
7 Forty Million Dollars (\$40,000,000.00) within three (3) years from
8 the date of initial qualifying expenditure.

9 C. The business entity may claim the credit authorized by
10 subsection B of this section for expenditures incurred or for a net
11 increase in the number of full-time-equivalent employees after the
12 business entity provides proof satisfactory to the Oklahoma Tax
13 Commission that the conditions imposed pursuant to paragraph 1 or
14 paragraph 2 of subsection B of this section have been satisfied.

15 D. If a business entity fails to expend the amount required by
16 paragraph 1 or paragraph 2 of subsection B of this section within
17 the time required, the business entity may not claim the credit
18 authorized by subsection B of this section, but shall be allowed to
19 claim a credit pursuant to subsection A of this section if the
20 requirements of subsection A of this section are met with respect to
21 the investment in qualified depreciable property or net increase in
22 the number of full-time-equivalent employees.

23 E. The credit provided for in subsection A of this section, if
24 based upon investment in qualified depreciable property, shall not

1 be allowed unless the investment in qualified depreciable property
2 is at least Fifty Thousand Dollars (\$50,000.00). The credit
3 provided for in subsection A or B of this section shall not be
4 allowed if the applicable investment is the direct cause of a
5 decrease in the number of full-time-equivalent employees. Qualified
6 property shall be limited to machinery, fixtures, equipment,
7 buildings or substantial improvements thereto, placed in service in
8 this state during the taxable year. The taxable years for which the
9 credit may be allowed if based upon investment in qualified
10 depreciable property shall be measured from the year in which the
11 qualified property is placed in service. If the credit provided for
12 in subsection A or B of this section is calculated on the basis of
13 the cost of the qualified property, the credit shall be allowed in
14 each of the four (4) subsequent years. If the qualified property on
15 which a credit has previously been allowed is acquired from a
16 related party, the date such property is placed in service by the
17 transferor shall be considered to be the date such property is
18 placed in service by the transferee, for purposes of determining the
19 aggregate number of years for which credit may be allowed.

20 F. The credit provided for in subsection A or B of this
21 section, if based upon an increase in the number of full-time-
22 equivalent employees, shall be allowed in each of the four (4)
23 subsequent years only if the level of new employees is maintained in
24 the subsequent year. In calculating the credit by the number of new

1 employees, only those employees whose paid wages or salary were at
2 least Seven Thousand Dollars (\$7,000.00) during each year the credit
3 is claimed shall be included in the calculation. Provided, that the
4 first year a credit is claimed for a new employee, such employee may
5 be included in the calculation notwithstanding paid wages of less
6 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
7 the last three quarters of the tax year, has wages or salary which
8 will result in annual paid wages in excess of Seven Thousand Dollars
9 (\$7,000.00) and the taxpayer submits an affidavit stating that the
10 employee's position will be retained in the following tax year and
11 will result in the payment of wages in excess of Seven Thousand
12 Dollars (\$7,000.00). The number of new employees shall be
13 determined by comparing the monthly average number of full-time
14 employees subject to Oklahoma income tax withholding for the final
15 quarter of the taxable year with the corresponding period of the
16 prior taxable year, as substantiated by such reports as may be
17 required by the Tax Commission.

18 G. The credit allowed by subsection A of this section shall be
19 the greater amount of either:

20 1. One percent (1%) of the cost of the qualified property in
21 the year the property is placed in service; or

22 2. Five Hundred Dollars (\$500.00) for each new employee. No
23 credit shall be allowed in any taxable year for a net increase in
24 the number of full-time-equivalent employees if such increase is a

1 result of an investment in qualified depreciable property for which
2 an income tax credit has been allowed as authorized by this section.

3 H. The credit allowed by subsection B of this section shall be
4 the greater amount of either:

5 1. Two percent (2%) of the cost of the qualified property in
6 the year the property is placed in service; or

7 2. One Thousand Dollars (\$1,000.00) for each new employee.

8 No credit shall be allowed in any taxable year for a net
9 increase in the number of full-time-equivalent employees if such
10 increase is a result of an investment in qualified depreciable
11 property for which an income tax credit has been allowed as
12 authorized by this section.

13 I. Except as provided by subsection G of Section 3658 of this
14 title, any credits allowed but not used in any taxable year may be
15 carried over in order as follows:

16 1. To each of the four (4) years following the year of
17 qualification;

18 2. To the extent not used in those years in order to each of
19 the fifteen (15) years following the initial five-year period; and

20 3. If a C corporation that otherwise qualified for the credits
21 under subsection A of this section subsequently changes its
22 operating status to that of a pass-through entity which is being
23 treated as the same entity for federal tax purposes, the credits
24 will continue to be available as if the pass-through entity had

1 originally qualified for the credits subject to the limitations of
2 this section.

3 To the extent not used in paragraphs 1 and 2 of this subsection,
4 such credits from qualified depreciable property placed in service
5 on or after January 1, 2000, may be utilized in any subsequent tax
6 years after the initial twenty-year period.

7 J. No credit otherwise authorized by the provisions of this
8 section may be claimed for any event, transaction, investment,
9 expenditure or other act occurring on or after July 1, 2010, ~~for~~
10 ~~which the credit would otherwise be allowable until the provisions~~
11 ~~of this subsection shall cease to be operative on July 1, 2012.~~
12 except as provided in this subsection:

13 1. Beginning July 1, 2012, the credit authorized by this
14 section may be claimed for any event, transaction, investment,
15 expenditure or other act occurring on or after July 1, 2010,
16 ~~according to the provisions of this section~~ and through June 30,
17 2012; provided, credits accrued during the period from July 1, 2010,
18 through June 30, 2012, shall be limited to a period of two (2)
19 taxable years. The credit shall be limited in each taxable year to
20 fifty percent (50%) of the total amount of the accrued credit. Any
21 tax credits which accrue during the period of July 1, 2010, through
22 June 30, 2012, may not be claimed for any period prior to the
23 taxable year beginning January 1, 2012. No credits which accrue
24 during the period of July 1, 2010, through June 30, 2012, may be

1 used to file an amended tax return for any taxable year prior to the
2 taxable year beginning January 1, 2012;

3 2. Any event, transaction, investment, expenditure or other act
4 for which a credit would otherwise be allowed pursuant to this
5 section, which occurs on or after July 1, 2012, and before January
6 1, 2014, shall be limited to fifty percent (50%) of the total amount
7 of accrued credit; and

8 3. No credit otherwise authorized by the provisions of this
9 section may be claimed for any event, transaction, investment,
10 expenditure or other act occurring on or after January 1, 2014.

11 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.6, is
12 amended to read as follows:

13 Section 2357.6. A. Any person or corporation may contribute
14 monies to the Energy Conservation Assistance Fund. Except as
15 otherwise provided in subsection B of this section, such
16 contributions shall be entitled to an income tax credit against the
17 state personal or corporate income tax liability of fifty percent
18 (50%) of the amount contributed to the fund for the taxable year in
19 which it was made.

20 B. No credit otherwise authorized by the provisions of this
21 section may be claimed for any event, transaction, investment,
22 expenditure or other act occurring on or after July 1, 2010, ~~for~~
23 ~~which the credit would otherwise be allowable. The provisions of~~
24 ~~this subsection shall cease to be operative on July 1, 2012.~~

1 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
2 ~~claimed for any event, transaction, investment, expenditure or other~~
3 ~~act occurring on or after July 1, 2012, according to the provisions~~
4 ~~of this section through June 30, 2012. Total credits allowed for~~
5 ~~any event, transaction, investment, expenditure or other act~~
6 ~~pursuant to this section for the time period beginning on July 1,~~
7 ~~2012, through December 31, 2013, shall be limited to twenty-five~~
8 ~~percent (25%) of the total amount contributed to the fund. For tax~~
9 ~~year 2014 and all subsequent tax years, no credit shall be allowed~~
10 ~~for any event, transaction, investment, expenditure or other act~~
11 ~~pursuant to this section.~~

12 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.11, is
13 amended to read as follows:

14 Section 2357.11. A. For purposes of this section, the term
15 "person" means any legal business entity including limited and
16 general partnerships, corporations, sole proprietorships, and
17 limited liability companies, but does not include individuals.

18 B. 1. Except as provided in subsection M of this section, for
19 tax years beginning on or after January 1, 1993, and ending on or
20 before December 31, 2014, there shall be allowed a credit against
21 the tax imposed by Section 1803 or Section 2355 of this title or
22 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every
23 person in this state furnishing water, heat, light or power to the
24 state or its citizens, or for every person in this state burning

1 coal to generate heat, light or power for use in manufacturing
2 operations located in this state.

3 2. For tax years beginning on or after January 1, 1993, and
4 ending on or before December 31, 2005, and for the period of January
5 1, 2006, through June 30, 2006, the credit shall be in the amount of
6 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
7 purchased by such person.

8 3. For the period of July 1, 2006 through December 31, 2006,
9 and for tax years beginning on or after January 1, 2007, and ending
10 on or before December 31, 2014, the credit shall be in the amount of
11 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of
12 Oklahoma-mined coal purchased by such person.

13 4. In addition to the credit allowed pursuant to the provisions
14 of paragraph 3 of this subsection, for the period of July 1, 2006,
15 through December 31, 2006, and except as provided in subsection M of
16 this section, for tax years beginning on or after January 1, 2007,
17 and ending on or before December 31, 2014, there shall be allowed a
18 credit in the amount of Two Dollars and fifteen cents (\$2.15) per
19 ton for each ton of Oklahoma-mined coal purchased by such person.
20 The credit allowed pursuant to the provisions of this paragraph may
21 not be claimed or transferred prior to January 1, 2008.

22 C. For tax years beginning on or after January 1, 1995, and
23 ending on or before December 31, 2005, and for the period beginning
24 January 1, 2006, through June 30, 2006, there shall be allowed, in

1 addition to the credits allowed pursuant to subsection B of this
2 section, a credit against the tax imposed by Section 1803 or Section
3 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
4 Statutes for every person in this state which:

5 1. Furnishes water, heat, light or power to the state or its
6 citizens, or burns coal to generate heat, light or power for use in
7 manufacturing operations located in this state; and

8 2. Purchases at least seven hundred fifty thousand (750,000)
9 tons of Oklahoma-mined coal in the tax year.

10 The additional credit allowed pursuant to this subsection shall
11 be in the amount of Three Dollars (\$3.00) per ton for each ton of
12 Oklahoma-mined coal purchased by such person.

13 D. Except as otherwise provided in subsection E of this section
14 and in subsection M of this section, for tax years beginning on or
15 after January 1, 2001, there shall be allowed a credit against the
16 tax imposed by Section 1803 or Section 2355 of this title or Section
17 624 or 628 of Title 36 of the Oklahoma Statutes for every person in
18 this state primarily engaged in mining, producing or extracting
19 coal, and holding a valid permit issued by the Oklahoma Department
20 of Mines. For tax years beginning on or after January 1, 2001, and
21 ending on or before December 31, 2005, and for the period beginning
22 January 1, 2006, through June 30, 2006, the credit shall be in the
23 amount of ninety-five cents (\$0.95) per ton and for the period of
24 July 1, 2006, through December 31, 2006, and for tax years beginning

1 on or after January 1, 2007, the credit shall be in the amount of
2 Five Dollars (\$5.00) for each ton of coal mined, produced or
3 extracted in on, under or through a permit in this state by such
4 person.

5 E. In addition to the credit allowed pursuant to the provisions
6 of subsection D of this section and except as otherwise provided in
7 subsection F of this section, for tax years beginning on or after
8 January 1, 2001, and ending on or before December 31, 2005, and for
9 the period of January 1, 2006, through June 30, 2006, there shall be
10 allowed a credit against the tax imposed by Section 1803 or Section
11 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
12 Statutes for every person in this state primarily engaged in mining,
13 producing or extracting coal, and holding a valid permit issued by
14 the Oklahoma Department of Mines in the amount of ninety-five cents
15 (\$0.95) per ton for each ton of coal mined, produced or extracted
16 from thin seams in this state by such person; provided, the credit
17 shall not apply to such coal sold to any consumer who purchases at
18 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
19 coal per year.

20 F. In addition to the credit allowed pursuant to the provisions
21 of subsection D of this section and except as otherwise provided in
22 subsection G of this section, for tax years beginning on or after
23 January 1, 2005, and ending on or before December 31, 2005, and for
24 the period of January 1, 2006, through June 30, 2006, there shall be

1 allowed a credit against the tax imposed by Section 1803 or Section
2 2355 of this title or that portion of the tax imposed by Section 624
3 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
4 to and placed into the General Revenue Fund, in the amount of
5 ninety-five cents (\$0.95) per ton for each ton of coal mined,
6 produced or extracted from thin seams in this state by such person
7 on or after July 1, 2005.

8 G. The credits provided in subsections D and E of this section
9 shall not be allowed for coal mined, produced or extracted in any
10 month in which the average price of coal is Sixty-eight Dollars
11 (\$68.00) or more per ton, excluding freight charges, as determined
12 by the Tax Commission.

13 H. The additional credits allowed pursuant to subsections B, C,
14 D and E of this section but not used shall be freely transferable
15 after January 1, 2002, and before January 1, 2013, by written
16 agreement to subsequent transferees at any time during the five (5)
17 years following the year of qualification; provided, the additional
18 credits allowed pursuant to the provisions of paragraph 4 of
19 subsection B of this section but not used shall be freely
20 transferable after January 1, 2008, and before January 1, 2013, by
21 written agreement to subsequent transferees at any time during the
22 five (5) years following the year of qualification. An eligible
23 transferee shall be any taxpayer subject to the tax imposed by
24 Section 1803 or Section 2355 of this title or Section 624 or 628 of

1 Title 36 of the Oklahoma Statutes. The person originally allowed
2 the credit and the subsequent transferee shall jointly file a copy
3 of the written credit transfer agreement with the Tax Commission
4 within thirty (30) days of the transfer. The written agreement
5 shall contain the name, address and taxpayer identification number
6 of the parties to the transfer, the amount of credit being
7 transferred, the year the credit was originally allowed to the
8 transferring person and the tax year or years for which the credit
9 may be claimed. The Tax Commission may promulgate rules to permit
10 verification of the validity and timeliness of a tax credit claimed
11 upon a tax return pursuant to this subsection but shall not
12 promulgate any rules which unduly restrict or hinder the transfers
13 of such tax credit. For tax year 2013 and all subsequent tax years,
14 no credit provided pursuant to this section may be allocated by a
15 pass-through entity to a shareholder, partner or member.

16 I. The additional credit allowed pursuant to subsection F of
17 this section but not used shall be freely transferable on or after
18 July 1, 2006, by written agreement to subsequent transferees at any
19 time during the five (5) years following the year of qualification.
20 An eligible transferee shall be any taxpayer subject to the tax
21 imposed by Section 1803 or Section 2355 of this title or Section 624
22 or 628 of Title 36 of the Oklahoma Statutes. The person originally
23 allowed the credit and the subsequent transferee shall jointly file
24 a copy of the written credit transfer agreement with the Tax

1 Commission within thirty (30) days of the transfer. The written
2 agreement shall contain the name, address and taxpayer
3 identification number of the parties to the transfer, the amount of
4 credit being transferred, the year the credit was originally allowed
5 to the transferring person and the tax year or years for which the
6 credit may be claimed. The Tax Commission may promulgate rules to
7 permit verification of the validity and timeliness of a tax credit
8 claimed upon a tax return pursuant to this subsection but shall not
9 promulgate any rules which unduly restrict or hinder the transfers
10 of such tax credit.

11 J. Any person receiving tax credits pursuant to the provisions
12 of this section shall apply the credits against taxes payable or
13 shall transfer the credits as provided in this section. Credits
14 shall not be used to lower the price of any Oklahoma-mined coal sold
15 that is produced by a subsidiary of the person receiving a tax
16 credit under this section to other buyers of the Oklahoma-mined
17 coal.

18 K. The credits allowed by subsections B, C, D, E and F of this
19 section, upon election of the taxpayer, shall be treated and may be
20 claimed as a payment of tax, a prepayment of tax or a payment of
21 estimated tax for purposes of Section 1803 or 2355 of this title or
22 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

23 L. Any credits allowed pursuant to the provisions of
24 subsections B, C, D, E and F of this section but not used in any tax

1 year may be carried over in order to each of the five (5) years
2 following the year of qualification.

3 M. No credit otherwise authorized by the provisions of this
4 section 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 subsection shall cease to be operative on July 1, 2012.~~
8 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
9 ~~claimed for any event, transaction, investment, expenditure or other~~
10 ~~act occurring on or after July 1, 2012, according to the provisions~~
11 ~~of this section through June 30, 2012. Total credits allowed for~~
12 any event, transaction, investment, expenditure or other act
13 pursuant to this section for the time period beginning on July 1,
14 2012, through December 31, 2013, shall be limited to fifty percent
15 (50%) of the total amount of accrued credit. For tax year 2014 and
16 all subsequent tax years, no credit shall be allowed for any event,
17 transaction, investment, expenditure or other act pursuant to this
18 section.

19 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.25, is
20 amended to read as follows:

21 Section 2357.25. A. Except as provided in subsection K of this
22 section, there shall be allowed a credit against the tax imposed by
23 Section 2355 of this title for direct investments by Oklahoma
24 agricultural producers in Oklahoma producer-owned agricultural

1 processing cooperatives, Oklahoma producer-owned agricultural
2 processing ventures, or Oklahoma producer-owned agricultural
3 processing marketing associations or Oklahoma-owned and -based
4 corporations or partnerships created and designed to develop and
5 advance the production, processing, handling and marketing of
6 agricultural commodities grown, made or manufactured in Oklahoma.
7 For calendar years 1997 and 1998, the amount of the credit shall be
8 thirty percent (30%) of the amount of the investment by the Oklahoma
9 agricultural producer in Oklahoma producer-owned agricultural
10 processing cooperatives, ventures, or marketing associations.

11 B. For calendar year 2006, and all subsequent years, the credit
12 percentage, not to exceed thirty percent (30%), shall be adjusted
13 annually so that the total estimate of credits does not exceed Two
14 Million Dollars (\$2,000,000.00) annually. The formula to be used
15 for the percentage adjustment shall be thirty percent (30%) times
16 Two Million Dollars (\$2,000,000.00) divided by the credits claimed
17 in the preceding year. In no event shall the credit be claimed more
18 than once by a taxpayer each taxable year.

19 C. In the event the total tax credits authorized by this
20 section exceed Two Million Dollars (\$2,000,000.00) in any calendar
21 year, the Oklahoma Tax Commission shall permit any excess over Two
22 Million Dollars (\$2,000,000.00) but shall factor such excess into
23 the percentage adjustment formula for subsequent years.

24

1 D. The credits authorized by this act may only be claimed for
2 taxable years beginning after December 31, 2006, and ending before
3 January 1, 2010. The provisions of this subsection shall not be
4 applicable to any credits earned, but not utilized, prior to ~~the~~
5 ~~effective date of this act~~ July 1, 2010.

6 E. If the credit allowed pursuant to this section exceeds the
7 amount of state income taxes due or if there are no state income
8 taxes due on the income of the taxpayer, the amount of credit
9 allowed but not used in any taxable year may be carried forward as a
10 credit against subsequent income tax liability for a period not
11 exceeding six (6) years following the year in which the investment
12 was originally made.

13 F. The ~~Oklahoma~~ Tax Commission shall have the authority to
14 prescribe forms for purposes of claiming the credit authorized by
15 this section. The ~~Oklahoma~~ Tax Commission shall be authorized to
16 conduct an investigation of the relevant facts as may be required in
17 order to verify the eligibility of a claimant to receive a credit
18 for any applicable income tax year.

19 G. 1. For any taxable year during which a taxpayer sells or
20 otherwise disposes of the ownership interest for which a tax credit
21 has previously been allowed to the taxpayer or for which a tax
22 credit will be allowed to the taxpayer for the year in which the
23 sale or other disposition of the ownership interest is made, the
24 taxpayer shall be required to reduce the cost of the ownership

1 interest in the Oklahoma producer-owned agricultural processing
2 cooperative, venture, or marketing association, as reported upon the
3 applicable income tax return, by the amount of the tax credit which
4 has previously been granted or for which the taxpayer is claiming
5 credit if the credit is allowable for the year during which the sale
6 or other disposition is made.

7 2. If a taxpayer sells or otherwise disposes of an ownership
8 interest in the Oklahoma producer-owned agricultural processing
9 cooperative, venture, or marketing association for which the tax
10 credit authorized by this section may be taken in a taxable year
11 following the year in which the ownership interest in the Oklahoma
12 producer-owned agricultural processing cooperative, venture, or
13 marketing association is sold or otherwise disposed of, the credit
14 authorized by this section shall be reduced to account for the prior
15 sale or other disposition.

16 H. The tax credit authorized by this section shall not be
17 available or taken for any calendar year during which the claimant
18 of the credit received any incentive payments pursuant to the
19 Oklahoma Quality Jobs Program Act or the Saving Quality Jobs Act.

20 I. As used in this section:

21 1. "Direct investment" means the payment of money in an
22 Oklahoma producer-owned agricultural processing cooperative,
23 venture, or marketing association or the transfer of any form of
24 economic value, whether tangible or intangible, other than money;

1 2. "Oklahoma producer-owned agricultural processing
2 cooperative" means a legal entity in the nature of a partnership or
3 business undertaking agricultural transactions or agricultural
4 commercial enterprises for mutual profit which are owned and
5 controlled by Oklahoma agricultural producers. An Oklahoma
6 producer-owned agricultural processing cooperative requires a
7 community of interest in the performance of the undertaking,
8 transaction or enterprise, a right to direct and govern the policy
9 in connection therewith and the duty, which may be altered by
10 agreement, to share both in profit and losses. The term does not
11 include a cooperative that provides only, and nothing more than,
12 storage, cleaning, or transportation of agricultural commodities;

13 3. "Oklahoma producer-owned agricultural processing venture"
14 means a legal entity in the nature of a corporation or company
15 organized to invest in or operate an agricultural commodity
16 processing facility operated primarily for the processing or
17 production of marketable products from agricultural commodities.
18 The term shall include a dairy operation that requires a depreciable
19 investment of at least Two Hundred Fifty Thousand Dollars
20 (\$250,000.00) and which produces milk from dairy cows. The term
21 does not include a venture that provides only, and nothing more
22 than, storage, cleaning, or transportation of agricultural
23 commodities;

24

1 4. "Oklahoma producer-owned agricultural processing marketing
2 association" means:

3 a. a legal entity owned by Oklahoma producers of
4 agricultural commodities and organized to jointly
5 market agricultural commodities and/or natural-
6 resource-based recreational activities, facilitate the
7 marketing process and to promote and stimulate the
8 processing, sales, and marketing of agricultural
9 commodities, or

10 b. a legal entity owned by Oklahoma producers of
11 agricultural commodities and organized for collective
12 marketing and improvement of land for natural-
13 resource-based recreational activity;

14 The term does not include a marketing association that provides
15 only, and nothing more than, storage, cleaning, or transportation of
16 agricultural commodities;

17 5. "Oklahoma agricultural producer" means any person who
18 produces agricultural commodities in this state;

19 6. "Oklahoma-based corporation or partnership" means an entity
20 created pursuant to the Oklahoma General Corporation Act or other
21 laws of the state authorizing either a corporate entity or an entity
22 with limited liability or any form of partnership, whether general,
23 limited or other authorized partnership form having either its
24 principal place of business within the state or substantial assets

1 located within the state. For the purpose of this section, the
2 definition contained in this paragraph shall not include an
3 Oklahoma-based corporation or partnership that engages only in and
4 nothing more than the storage, cleaning, and transportation or
5 production of its commodity;

6 7. "Agricultural commodities" means a farm or ranch product,
7 including but not limited to, wheat, corn, soybeans, cotton, timber,
8 cattle, hogs, sheep, horses, poultry, animals of the families
9 bovidae, cervidae and antilocapridae or birds of the ratite group
10 produced in farming or ranching operations or a product of such crop
11 or livestock in its unmanufactured state such as ginned cotton,
12 wool-dip, maple syrup, milk and eggs, or any other commodity listed
13 under any Industry Group Number under Major Group 20 of Division D
14 of the Standard Industrial Classification (SIC) Manual; and

15 8. "Dairy operation" means and includes equipment and
16 facilities to store and prepare feed, dairy cows, milking parlors,
17 bulk cooling tanks, buildings, and all such depreciable investment
18 commonly utilized in the dairy industry.

19 J. For purposes of this section, an agricultural commodity
20 shall be deemed to be produced within this state if it is
21 substantially produced, by any person, partnership, company,
22 association or corporation:

23 1. Authorized to do and doing business under the laws of this
24 state;

1 2. Paying all taxes duly assessed; and

2 3. Domiciled within this state by having a location of
3 production within this state.

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

9 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
10 ~~claimed for any event, transaction, investment, expenditure or other~~
11 ~~act occurring on or after July 1, 2012, according to the provisions~~
12 ~~of this section through June 30, 2012. Total credits allowed for~~
13 ~~any event, transaction, investment, expenditure or other act~~
14 ~~pursuant to this section for the time period beginning on July 1,~~
15 ~~2012, through December 31, 2013, shall be limited to fifty percent~~
16 ~~(50%) of the total amount of accrued credit. For tax year 2014 and~~
17 ~~all subsequent tax years, no credit shall be allowed for any event,~~
18 ~~transaction, investment, expenditure or other act pursuant to this~~
19 ~~section.~~

20 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.26, is
21 amended to read as follows:

22 Section 2357.26. A. Except as otherwise provided by subsection
23 G of this section, for tax years beginning after December 31, 2001,
24 there shall be allowed a credit against the tax imposed by Section

1 2355 of this title for employers incurring eligible expenses in
2 connection with the provision of child care services.

3 B. As used in this section:

4 1. "Eligible expenses" means amounts paid for:

5 a. the purchase of qualifying child care services that
6 are actually provided to children of employees, at a
7 program licensed by the Department of Human Services
8 with a rating of two stars or higher pursuant to rules
9 promulgated by the Department, at a:

10 (1) child care center, or

11 (2) family child care home,

12 b. planning, preparing a site and constructing a child
13 care center,

14 c. renovating or remodeling a structure to be used for a
15 child care center,

16 d. purchasing equipment necessary for use by a child care
17 center,

18 e. expanding a child care center,

19 f. maintaining and operating a child care center,
20 including paying direct administrative and staff
21 costs,

22 g. purchasing child care slots actually provided or
23 reserved for children of employees, or
24

1 h. fees and grants provided to child care resource and
2 referral organizations doing business within this
3 state; and

4 2. "Employer" means a taxpayer who employs one or more full-
5 time-equivalent employees and whose primary source of income is from
6 a business other than the business of providing child care services.

7 C. In lieu of a deduction from taxable income, the credit
8 allowed by subsection A of this section shall be twenty percent
9 (20%) of the amount of eligible expenses.

10 D. The amount of eligible expenses upon which the credit will
11 be based in any taxable year shall be limited to:

12 1. Three Thousand One Hundred Dollars (\$3,100.00) for expenses
13 described in subparagraph a of paragraph 1 of subsection B of this
14 section for each child of an employee receiving qualifying child
15 care services;

16 2. Fifty Thousand Dollars (\$50,000.00) for expenses described
17 in subparagraphs b through g of paragraph 1 of subsection B of this
18 section; and

19 3. Five Thousand Dollars (\$5,000.00) for expenses described in
20 subparagraph h of paragraph 1 of subsection B of this section.

21 E. Any credits allowed but not used in any tax year may be
22 carried over in order to each of the four (4) tax years following
23 the year of qualification.

24

1 F. The Oklahoma Tax Commission, on or before January 31 of each
2 year, shall submit a report regarding the credit authorized by this
3 section to both houses of the Oklahoma Legislature. Such report
4 shall summarize the total amount of credits claimed and likely to be
5 claimed and allowed under this section.

6 G. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2010,~~for~~
9 ~~which the credit would otherwise be allowable. The provisions of~~
10 ~~this subsection shall cease to be operative on July 1, 2012.~~
11 Beginning July 1, 2012, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2012, according to the provisions
14 of this section through June 30, 2012. Total credits allowed for
15 any event, transaction, investment, expenditure or other act
16 pursuant to this section for the time period beginning on July 1,
17 2012, through December 31, 2013, shall be limited to fifty percent
18 (50%) of the total amount of accrued credit. For tax year 2014 and
19 all subsequent tax years, no credit shall be allowed for any event,
20 transaction, investment, expenditure or other act pursuant to this
21 section.

22 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.27, is
23 amended to read as follows:
24

1 Section 2357.27. A. Except as otherwise provided by subsection
2 E of this section, for tax years beginning after December 31, 1998
3 there shall be allowed a credit against the tax imposed by Section
4 2355 of this title for eligible expenses incurred by entities
5 primarily engaged in the business of providing child care services.

6 B. As used in this section, "eligible expenses" means amounts
7 paid by an entity primarily engaged in the business of providing
8 child care services for expenses incurred by the entity to comply
9 with the standards promulgated by a national accrediting association
10 recognized by the Department of Human Services and which would not
11 have been incurred by the entity to comply with the Oklahoma Child
12 Care Facilities Licensing Act.

13 C. The credit allowed by subsection A of this section shall be
14 twenty percent (20%) of the amount of eligible expenses. Such
15 credit shall not be allowed for any amounts for which the entity
16 claims or receives an income tax credit, exemption or deduction.

17 D. Any credits allowed but not used in any tax year may be
18 carried over in order to each of the four (4) tax years following
19 the year of qualification.

20 E. No credit otherwise authorized by the provisions of this
21 section may be claimed for any event, transaction, investment,
22 expenditure or other act occurring on or after July 1, 2010, ~~for~~
23 ~~which the credit would otherwise be allowable. The provisions of~~
24 ~~this subsection shall cease to be operative on July 1, 2012.~~

1 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
2 ~~claimed for any event, transaction, investment, expenditure or other~~
3 ~~act occurring on or after July 1, 2012, according to the provisions~~
4 ~~of this section through June 30, 2012. Total credits allowed for~~
5 ~~any event, transaction, investment, expenditure or other act~~
6 ~~pursuant to this section for the time period beginning on July 1,~~
7 ~~2012, through December 31, 2013, shall be limited to fifty percent~~
8 ~~(50%) of the total amount of accrued credit. For tax year 2014 and~~
9 ~~all subsequent tax years, no credit shall be allowed for any event,~~
10 ~~transaction, investment, expenditure or other act pursuant to this~~
11 ~~section.~~

12 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.30, is
13 amended to read as follows:

14 Section 2357.30. A. As used in this section, "small business"
15 means any corporation, partnership, sole proprietorship or other
16 business entity qualifying as "small" under the standards contained
17 in Section 121 of Title 13 of the Code of Federal Regulations (13
18 C.F.R., Section 121).

19 B. Except as otherwise provided in subsection E of this
20 section, for taxable years beginning after December 31, 1998, every
21 small business operating within this state shall be entitled to
22 claim as a credit against the tax imposed by Section 2355 of ~~Title~~
23 ~~68 of the Oklahoma Statutes~~ this title, subject to the limitations
24 provided by subsection C of this section, any amount paid to the

1 U.S. Small Business Administration as a guaranty fee pursuant to the
2 obtaining of financing guaranteed by the Small Business
3 Administration.

4 C. The credit authorized by this section shall only be claimed
5 against the tax liability resulting from income generated by the
6 small business. If an income tax return upon which this credit is
7 claimed includes taxable income from sources other than the small
8 business, the credit shall only be allowed to be claimed upon a
9 percentage of the income tax liability which does not exceed the
10 percentage of income generated by the small business as compared to
11 the total Oklahoma adjusted gross income shown on the return. The
12 Oklahoma Tax Commission shall promulgate rules and prescribe forms
13 to implement the provisions of this section.

14 D. If the credit authorized by this section exceeds the amount
15 of income taxes due or if there are no state income taxes due on the
16 income of the taxpayer as computed pursuant to the provisions of
17 subsection C of this section, the amount of the credit not used may
18 be carried forward as a credit against subsequent income tax
19 liability for a period not to exceed five (5) years. The credit
20 shall be claimable only by the small business which is the primary
21 obligor in the financing transaction and which actually paid the
22 guaranty fee.

23 E. No credit otherwise authorized by the provisions of this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, ~~for~~
2 ~~which the credit would otherwise be allowable. The provisions of~~
3 ~~this subsection shall cease to be operative on July 1, 2012.~~
4 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
5 ~~claimed for any event, transaction, investment, expenditure or other~~
6 ~~act occurring on or after July 1, 2012, according to the provisions~~
7 ~~of this section through June 30, 2012. Total credits allowed for~~
8 any event, transaction, investment, expenditure or other act
9 pursuant to this section for the time period beginning on July 1,
10 2012, through December 31, 2013, shall be limited to fifty percent
11 (50%) of the total amount of accrued credit. For tax year 2014 and
12 all subsequent tax years, no credit shall be allowed for any event,
13 transaction, investment, expenditure or other act pursuant to this
14 section.

15 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.32A,
16 is amended to read as follows:

17 Section 2357.32A. A. Except as otherwise provided in
18 subsection H of this section, for tax years beginning on or after
19 January 1, 2003, there shall be allowed a credit against the tax
20 imposed by Section 2355 of this title to a taxpayer for the
21 taxpayer's production and sale to an unrelated person of electricity
22 generated by zero-emission facilities located in this state. As
23 used in this section:

24

1 1. "Electricity generated by zero-emission facilities" means
2 electricity that is exclusively produced by any facility located in
3 this state with a rated production capacity of one megawatt (1 mw)
4 or greater, constructed for the generation of electricity and placed
5 in operation after June 4, 2001, which utilizes eligible renewable
6 resources as its fuel source. The construction and operation of
7 such facilities shall result in no pollution or emissions that are
8 or may be harmful to the environment, pursuant to a determination by
9 the Department of Environmental Quality; and

10 2. "Eligible renewable resources" means resources derived from:
11 a. wind,
12 b. moving water,
13 c. sun, or
14 d. geothermal energy.

15 B. For facilities placed in operation on or after January 1,
16 2003, and before January 1, 2007, the electricity generated on or
17 after January 1, 2003, but prior to January 1, 2004, the amount of
18 the credit shall be seventy-five one hundredths of one cent
19 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
20 emission facilities. For electricity generated on or after January
21 1, 2004, but prior to January 1, 2007, the amount of the credit
22 shall be fifty one hundredths of one cent (\$0.0050) per kilowatt-
23 hour for electricity generated by zero-emission facilities. For
24 electricity generated on or after January 1, 2007, but prior to

1 January 1, 2012, the amount of the credit shall be twenty-five one
2 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
3 generated by zero-emission facilities. For facilities placed in
4 operation on or after January 1, 2007, and before January 1, 2016,
5 for the electricity generated by these facilities the amount of the
6 credit shall be fifty one hundredths of one cent (\$0.0050) for each
7 kilowatt-hour of electricity generated by zero-emission facilities.

8 C. Credits may be claimed with respect to electricity generated
9 on or after January 1, 2003, during a ten-year period following the
10 date that the facility is placed in operation on or after June 4,
11 2001.

12 D. If the credit allowed pursuant to this section exceeds the
13 amount of income taxes due or if there are no state income taxes due
14 on the income of the taxpayer, the amount of the credit allowed but
15 not used in any tax year may be carried forward as a credit against
16 subsequent income tax liability for a period not exceeding ten (10)
17 years.

18 E. Any nontaxable entities, including agencies of the State of
19 Oklahoma or political subdivisions thereof, shall be eligible to
20 establish a transferable tax credit in the amount provided in
21 subsection B of this section. Such tax credit shall be a property
22 right available to a state agency or political subdivision of this
23 state to transfer or sell to a taxable entity, whether individual or
24 corporate, who shall have an actual or anticipated income tax

1 liability under Section 2355 of this title. These tax credit
2 provisions are authorized as an incentive to the State of Oklahoma,
3 its agencies and political subdivisions to encourage the expenditure
4 of funds in the development, construction and utilization of
5 electricity from zero-emission facilities as defined in subsection A
6 of this section.

7 F. ~~The~~ Before January 1, 2013, the amount of the credit
8 allowed, but not used, shall be freely transferable at any time
9 during the ten (10) years following the year of qualification. Any
10 person to whom or to which a tax credit is transferred shall have
11 only such rights to claim and use the credit under the terms that
12 would have applied to the entity by whom or by which the tax credit
13 was transferred. The provisions of this subsection shall not limit
14 the ability of a tax credit transferee to reduce the tax liability
15 of the transferee, regardless of the actual tax liability of the tax
16 credit transferor, for the relevant taxable period. The transferor
17 initially allowed the credit and any subsequent transferees shall
18 jointly file a copy of any written transfer agreement with the
19 Oklahoma Tax Commission within thirty (30) days of the transfer.
20 The written agreement shall contain the name, address and taxpayer
21 identification number or social security number of the parties to
22 the transfer, the amount of the credit being transferred, the year
23 the credit was originally allowed to the transferor, and the tax
24 year or years for which the credit may be claimed. The Tax

1 Commission may promulgate rules to permit verification of the
2 validity and timeliness of the tax credit claimed upon a tax return
3 pursuant to this subsection but shall not promulgate any rules that
4 unduly restrict or hinder the transfers of such tax credit. The tax
5 credit allowed by this section, upon the election of the taxpayer,
6 may be claimed as a payment of tax, a prepayment of tax or a payment
7 of estimated tax for purposes of Section 1803 or Section 2355 of
8 this title. For tax year 2013 and all subsequent tax years, no
9 credit provided pursuant to this section may be allocated by a pass-
10 through entity to a shareholder, partner or member.

11 G. For electricity generation produced and sold in a calendar
12 year, the tax credit allowed by the provisions of this section, upon
13 election of the taxpayer, shall be treated and may be claimed as a
14 payment of tax, a prepayment of tax or a payment of estimated tax
15 for purposes of Section 2355 of this title on or after July 1 of the
16 following calendar year.

17 H. ~~No credit~~ Credit otherwise authorized by the provisions of
18 this section ~~may be claimed~~ for any event, transaction, investment,
19 expenditure or other act occurring ~~on or after July 1, 2010, for~~
20 ~~which the credit would otherwise be allowable until the provisions~~
21 ~~of this subsection shall cease to be operative on July 1, 2011.~~
22 during specified time periods may be claimed as follows:

23 1. Beginning July 1, 2011, the credit authorized by this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010,
2 according to the provisions of this section;

3 2. Any tax credits which accrue during the period of July 1,
4 2010, through June 30, 2011, may not be claimed for any period prior
5 to the taxable year beginning January 1, 2012. No credits which
6 accrue during the period of July 1, 2010, through June 30, 2011, may
7 be used to file an amended tax return for any taxable year prior to
8 the taxable year beginning January 1, 2012;

9 3. Any event, transaction, investment, expenditure or other act
10 for which a credit would otherwise be allowed pursuant to this
11 section, which occurs on or after July 1, 2012, and before January
12 1, 2014, shall be limited to fifty percent (50%) of the total amount
13 of accrued credit; and

14 4. No credit otherwise authorized by the provisions of this
15 section may be claimed for any event, transaction, investment,
16 expenditure or other act occurring on or after January 1, 2014.

17 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.32B,
18 is amended to read as follows:

19 Section 2357.32B. A. Except as otherwise provided by
20 subsection G of this section, for tax years beginning on or after
21 January 1, 2003, and ending on or before December 31, 2012, there
22 shall be allowed a credit against the tax imposed by Section 624 or
23 628 of Title 36 of the Oklahoma Statutes, and actually paid to and
24 placed into the General Revenue Fund, or Section 2370 or 2355 of

1 this title to Oklahoma manufacturers of advanced small wind
2 turbines. As used in this section:

3 1. "Oklahoma manufacturers" means manufacturers who operate
4 facilities located in this state which have the capability to
5 manufacture small wind turbine products, including rotor blade and
6 alternator fabrication; and

7 2. "Advanced small wind turbines" means upwind, furling wind
8 turbines that meet the following requirements:

- 9 a. have a rated capacity of at least one kilowatt (1 kw)
10 but not greater than fifty kilowatts (50 kw),
- 11 b. incorporate advanced technologies such as new
12 airfoils, new generators, and new power electronics,
13 variable speed,
- 14 c. at least one unit of each model has undergone testing
15 at the US-DOE National Wind Technology Center, and
- 16 d. comply with appropriate interconnection safety
17 standards of the Institute of Electrical and
18 Electronics Engineers applicable to small wind
19 turbines.

20 B. The amount of the credit shall be based on the square
21 footage of rotor swept area of advanced small wind turbines
22 manufactured in this state. The amount of the credit shall be
23 Twenty-five Dollars (\$25.00) per square foot produced in calendar
24 year 2003, Twelve Dollars and fifty cents (\$12.50) per square foot

1 produced in calendar year 2004, and Twenty-five Dollars (\$25.00) per
2 square foot produced in calendar years 2005 through 2012.

3 C. The companies claiming the credit allowed by this section
4 shall agree in advance to allow their production and claims to be
5 audited by the Oklahoma Tax Commission and they must be able to show
6 that they have made economic development investments in this state
7 over the period of time for which the credit was claimed that exceed
8 the net proceeds from the amount of credit claimed.

9 D. If the amount of the credits allowed pursuant to this
10 section exceeds the amount of income taxes due or if there are no
11 state income taxes due on the income of the taxpayer, the amount of
12 the credit allowed but not used in any taxable year may be carried
13 forward as a credit against subsequent income tax liability for a
14 period not exceeding ten (10) years.

15 E. ~~The~~ Before January 1, 2013, the amount of the credit allowed
16 but not used shall be freely transferable at any time during the ten
17 (10) years following the year of qualification. Any person to whom
18 or to which a tax credit is transferred shall have only such rights
19 to claim and use the credit under the terms that would have applied
20 to the entity by whom or by which the tax credit was transferred.
21 The provisions of this subsection shall not limit the ability of a
22 tax credit transferee to reduce the tax liability of the transferee
23 regardless of the actual tax liability of the tax credit transferor
24 for the relevant taxable period. The transferor originally allowed

1 the credit and the subsequent transferee shall jointly file a copy
2 of the written credit transfer agreement with the Tax Commission
3 within thirty (30) days of the transfer. The written agreement
4 shall contain the name, address and taxpayer identification number
5 of the parties to the transfer, the amount of the credit being
6 transferred, the year the credit was originally allowed to the
7 transferor and the tax year or years for which the credit may be
8 claimed. The Tax Commission may promulgate rules to permit
9 verification of the validity and timeliness of a tax credit claimed
10 upon a tax return pursuant to this subsection but shall not
11 promulgate any rules that unduly restrict or hinder the transfers of
12 such tax credit. For tax year 2013 and all subsequent tax years, no
13 credit provided pursuant to this section may be allocated by a pass-
14 through entity to a shareholder, partner or member.

15 F. For advanced small wind turbines produced in a calendar
16 year, the tax credit allowed by the provisions of this section, upon
17 election of the taxpayer, shall be treated and may be claimed as a
18 payment of tax, a prepayment of tax or a payment of estimated tax
19 for purposes of Section 624 or 628 of Title 36 of the Oklahoma
20 Statutes, and actually paid to and placed into the General Revenue
21 Fund, or Section 2370 or 2355 of this title on or after July 1 of
22 the following calendar year.

23 G. No credit otherwise authorized by the provisions of this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, ~~for~~
2 ~~which the credit would otherwise be allowable. The provisions of~~
3 ~~this subsection shall cease to be operative on July 1, 2012.~~
4 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
5 ~~claimed for any event, transaction, investment, expenditure or other~~
6 ~~act occurring on or after July 1, 2012, according to the provisions~~
7 ~~of this section through June 30, 2012. Total credits allowed for~~
8 any event, transaction, investment, expenditure or other act
9 pursuant to this section for the time period beginning on July 1,
10 2012, through December 31, 2013, shall be limited to fifty percent
11 (50%) of the total amount of accrued credit. For tax year 2014 and
12 all subsequent tax years, no credit shall be allowed for any event,
13 transaction, investment, expenditure or other act pursuant to this
14 section.

15 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.33, is
16 amended to read as follows:

17 Section 2357.33. A. Except as otherwise provided by subsection
18 E of this section, for taxable years beginning after December 31,
19 1999, there shall be allowed a credit against the tax imposed by
20 Section 2355 of this title for amounts paid by a taxpayer operating
21 one or more food service establishments for immunizations against
22 Hepatitis A for employees of the taxpayer who work in such
23 establishments.

24

1 B. As used in this section, "food service establishment" means
2 an establishment where food or drink is offered for sale or sold to
3 the public and which is licensed pursuant to the provisions of
4 Section 1-1118 of Title 63 of the Oklahoma Statutes.

5 C. The amount of the credit allowed pursuant to the provisions
6 of this section for each employee of the taxpayer shall not exceed
7 the usual and customary fee that would be allowed for an
8 immunization against Hepatitis A as approved by the State and
9 Education Employees Group Insurance Board.

10 D. The credit provided by this section shall be available to
11 the taxpayer in the tax year in which an employee was immunized and
12 shall not carry forward to subsequent tax years. Such credit shall
13 not be refunded to the taxpayer.

14 E. No credit otherwise authorized by the provisions of this
15 section may be claimed for any event, transaction, investment,
16 expenditure or other act occurring on or after July 1, 2010, ~~for~~
17 ~~which the credit would otherwise be allowable. The provisions of~~
18 ~~this subsection shall cease to be operative on July 1, 2012.~~
19 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
20 ~~claimed for any event, transaction, investment, expenditure or other~~
21 ~~act occurring on or after July 1, 2012, according to the provisions~~
22 ~~of this section~~ through June 30, 2012. Total credits allowed for
23 any event, transaction, investment, expenditure or other act
24 pursuant to this section for the time period beginning on July 1,

1 2012, through December 31, 2013, shall be limited to fifty percent
2 (50%) of the total amount of accrued credit. For tax year 2014 and
3 all subsequent tax years, no credit shall be allowed for any event,
4 transaction, investment, expenditure or other act pursuant to this
5 section.

6 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.41, is
7 amended to read as follows:

8 Section 2357.41. A. Except as otherwise provided by subsection
9 I of this section, for tax years beginning after December 31, 2000,
10 there shall be allowed a credit against the tax imposed by Sections
11 2355 and 2370 of this title or that portion of the tax imposed by
12 Section 624 or 628 of Title 36 of the Oklahoma Statutes that would
13 otherwise have been apportioned to the General Revenue Fund for
14 qualified rehabilitation expenditures incurred in connection with
15 any certified historic hotel or historic newspaper plant building
16 located in an increment or incentive district created pursuant to
17 the Local Development Act or for qualified rehabilitation
18 expenditures incurred after January 1, 2006, in connection with any
19 certified historic structure.

20 B. The amount of the credit shall be one hundred percent (100%)
21 of the federal rehabilitation credit provided for in Section 47 of
22 Title 26 of the United States Code. The credit authorized by this
23 section may be claimed at any time after the relevant local
24 governmental body responsible for doing so issues a certificate of

1 occupancy or other document that is a precondition for the
2 applicable use of the building or structure that is the basis upon
3 which the credit authorized by this section is claimed.

4 C. All requirements with respect to qualification for the
5 credit authorized by Section 47 of Title 26 of the United States
6 Code shall be applicable to the credit authorized by this section.

7 D. If the credit allowed pursuant to this section exceeds the
8 amount of income taxes due or if there are no state income taxes due
9 on the income of the taxpayer, the amount of the credit allowed but
10 not used in any taxable year may be carried forward as a credit
11 against subsequent income tax liability for a period not exceeding
12 ten (10) years following the qualified expenditures.

13 E. All rehabilitation work to which the credit may be applied
14 shall be reviewed by the State Historic Preservation Office which
15 will in turn forward the information to the National Park Service
16 for certification in accordance with 36 C.F.R., Part 67. A
17 certified historic structure may be rehabilitated for any lawful use
18 or uses, including without limitation mixed uses and still retain
19 eligibility for the credit provided for in this section.

20 F. ~~The~~ Before January 1, 2013, the amount of the credit allowed
21 for any credit claimed for a certified historic hotel or historic
22 newspaper plant building or any certified historic structure, but
23 not used, shall be freely transferable, in whole or in part, to
24 subsequent transferees at any time during the five (5) years

1 following the year of qualification. Any person to whom or to which
2 a tax credit is transferred shall have only such rights to claim and
3 use the credit under the terms that would have applied to the entity
4 by whom or by which the tax credit was transferred. The provisions
5 of this subsection shall not limit the ability of a tax credit
6 transferee to reduce the tax liability of the transferee regardless
7 of the actual tax liability of the tax credit transferor for the
8 relevant taxable period. The transferor of the credit and the
9 transferee shall jointly file a copy of the written credit transfer
10 agreement with the Oklahoma Tax Commission within thirty (30) days
11 of the transfer. Such filing of the written credit transfer
12 agreement with the Oklahoma Tax Commission shall perfect such
13 transfer. The written agreement shall contain the name, address and
14 taxpayer identification number of the parties to the transfer, the
15 amount of credit being transferred, the year the credit was
16 originally allowed to the transferor, the tax year or years for
17 which the credit may be claimed, and a representation by the
18 transferor that the transferor has neither claimed for its own
19 behalf nor conveyed such credits to any other transferee. The Tax
20 Commission shall develop a standard form for use by subsequent
21 transferees of the credit demonstrating eligibility for the
22 transferee to reduce its applicable tax liabilities resulting from
23 ownership of the credit. The Tax Commission shall develop a system
24 to record and track the transfers of the credit and certify the

1 ownership of the credit and may promulgate rules to permit
2 verification of the validity and timeliness of a tax credit claimed
3 upon a tax return pursuant to this subsection but shall not
4 promulgate any rules which unduly restrict or hinder the transfers
5 of such tax credit. For tax year 2013 and all subsequent tax years,
6 no credit provided pursuant to this section may be allocated by a
7 pass-through entity to a shareholder, partner or member.

8 G. Notwithstanding any other provisions in this section, on or
9 after January 1, 2009, if a credit allowed pursuant to this section
10 which has been transferred is subsequently reduced as the result of
11 an adjustment by the Internal Revenue Service, Tax Commission, or
12 any other applicable government agency, only the transferor
13 originally allowed the credit and not any subsequent transferee of
14 the credit, shall be held liable to repay any amount of disallowed
15 credit.

16 H. As used in this section:

17 1. "Certified historic hotel or historic newspaper plant
18 building" means a hotel or newspaper plant building that is listed
19 on the National Register of Historic Places within thirty (30)
20 months of taking the credit pursuant to this section.

21 2. "Certified historic structure" means a building that is
22 listed on the National Register of Historic Places within thirty
23 (30) months of taking the credit pursuant to this section or a
24 building located in Oklahoma which is certified by the State

1 Historic Preservation Office as contributing to the historic
2 significance of a certified historic district listed on the National
3 Register of Historic Places, or a local district that has been
4 certified by the State Historic Preservation Office as eligible for
5 listing in the National Register of Historic Places; and

6 3. "Qualified rehabilitation expenditures" means capital
7 expenditures that qualify for the federal rehabilitation credit
8 provided in Section 47 of Title 26 of the United States Code and
9 that were paid after December 31, 2000. Qualified rehabilitation
10 expenditures do not include capital expenditures for nonhistoric
11 additions except an addition that is required by state or federal
12 regulations that relate to safety or accessibility. In addition,
13 qualified rehabilitation expenditures do not include expenditures
14 related to the cost of acquisition of the property.

15 I. No credit otherwise authorized by the provisions of this
16 section may be claimed for any event, transaction, investment,
17 expenditure or other act occurring on or after July 1, 2010, ~~for~~
18 ~~which the credit would otherwise be allowable until the provisions~~
19 ~~of this subsection shall cease to be operative on July 1, 2012.~~
20 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
21 ~~claimed for any event, transaction, investment, expenditure or other~~
22 ~~act occurring on or after July 1, 2010, according to the provisions~~
23 ~~of this section. except as follows:~~

24

1 1. Any tax credits which accrue during the period of July 1,
2 2010, through June 30, 2012, may not be claimed for any period prior
3 to the taxable year beginning January 1, 2012. No credits which
4 accrue during the period of July 1, 2010, through June 30, 2012, may
5 be used to file an amended tax return for any taxable year prior to
6 the taxable year beginning January 1, 2012; and

7 2. Any event, transaction, investment, expenditure or other act
8 occurring on or after July 1, 2012, and before January 1, 2014,
9 shall be limited to fifty percent (50%) of the total amount of
10 accrued credit; and

11 3. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after January 1, 2014.

14 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.43, is
15 amended to read as follows:

16 Section 2357.43. ~~For tax years beginning after December 31,~~
17 ~~2001, there~~ There shall be allowed to a resident individual or a
18 part-year resident individual ~~as~~ a credit against the tax imposed by
19 Section 2355 of this title ~~five percent (5%)~~ equal to a percentage
20 of the earned income tax credit allowed under Section 32 of the
21 Internal Revenue Code of the United States, 26 U.S.C., Section 32.
22 For tax years 2002 through 2012, the credit shall be equal to five
23 percent (5%) of the earned income tax credit allowed under the
24 Internal Revenue Code, 26 U.S.C., Section 32. For tax year 2013,

1 the credit allowed shall be equal to two and one-half percent
2 (2.5%). For tax year 2014 and all subsequent tax years, no credit
3 shall be allowed pursuant to this section. However, this credit
4 shall not be paid in advance pursuant to the provisions of Section
5 3507 of the Internal Revenue Code. If the credit exceeds the tax
6 imposed by Section 2355 of this title, the excess amount shall be
7 refunded to the taxpayer. The maximum earned income tax credit
8 allowable on the Oklahoma income tax return shall be prorated on the
9 ratio that Oklahoma adjusted gross income bears to the federal
10 adjusted gross income.

11 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.45, is
12 amended to read as follows:

13 Section 2357.45. A. 1. For tax years beginning after December
14 31, 2004, and ending before January 1, 2014, there shall be allowed
15 against the tax imposed by Section 2355 of this title, a credit for
16 any taxpayer who makes a donation to an independent biomedical
17 research institute and for tax years beginning after December 31,
18 2010, and ending before January 1, 2014, a credit for any taxpayer
19 who makes a donation to a cancer research institute.

20 2. The credit authorized by paragraph 1 of this subsection
21 shall be limited as follows:

22 a. for calendar year 2007 and all subsequent years, the
23 credit percentage, not to exceed fifty percent (50%),
24 shall be adjusted annually so that the total estimate

1 of the credits does not exceed Two Million Dollars
2 (\$2,000,000.00) annually. The formula to be used for
3 the percentage adjusted shall be fifty percent (50%)
4 times One Million Dollars (\$1,000,000.00) divided by
5 the credits claimed in the preceding year for each
6 donation to an independent biomedical research
7 institute and fifty percent (50%) times One Million
8 Dollars (\$1,000,000.00) divided by the credits claimed
9 in the preceding year for each donation to a cancer
10 research institute,

11 b. in no event shall a taxpayer claim more than one
12 credit for a donation to any independent biomedical
13 research institute and one credit for a donation to a
14 cancer research institute in each taxable year nor
15 shall the credit exceed One Thousand Dollars
16 (\$1,000.00) for each taxpayer for each type of
17 donation,

18 c. for tax year 2011, no more than Fifty Thousand Dollars
19 (\$50,000.00) in total tax credits for donations to a
20 cancer research institute shall be allowed,

21 d. in no event shall more than fifty percent (50%) of the
22 Two Million Dollars (\$2,000,000.00) in total tax
23 credits authorized by this section, for any calendar
24 year after ~~the effective date of this act~~ January 1,

1 2011, be allocated for credits for donations to a
2 cancer research institute, ~~and~~

3 e. in the event the total tax credits authorized by this
4 section exceed One Million Dollars (\$1,000,000.00) in
5 any calendar year for either a cancer research
6 institute or an independent biomedical research
7 institute, the Oklahoma Tax Commission shall permit
8 any excess over One Million Dollars (\$1,000,000.00)
9 but shall factor such excess into the percentage
10 adjustment formula for subsequent years for that type
11 of donation. However, any such adjustment to the
12 formula for donations to an independent biomedical
13 research institute shall not affect the formula for
14 donations to a cancer research institute, and any such
15 adjustment to the formula for donations to a cancer
16 research institute shall not affect the formula for
17 donations to an independent biomedical research
18 institute, and

19 f. notwithstanding the provisions of this section, the
20 credit which would have been allowed pursuant to this
21 section for any donation made for tax year 2013, shall
22 be limited to fifty percent (50%) of the total amount
23 of credit accrued. For tax year 2014 and all

1 subsequent tax years, no credit shall be allowed for
2 any donation made pursuant to this section.

3 3. For purposes of this section, "independent biomedical
4 research institute" means an organization which is exempt from
5 taxation pursuant to the provisions of Section 501(c)(3) of the
6 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
7 focus is conducting peer-reviewed basic biomedical research. The
8 organization shall:

- 9 a. have a board of directors,
- 10 b. be able to accept grants in its own name,
- 11 c. be an identifiable institute that has its own
12 employees and administrative staff, and
- 13 d. receive at least Fifteen Million Dollars
14 (\$15,000,000.00) in National Institute of Health
15 funding each year.

16 4. For purposes of this section, "cancer research institute"
17 means an organization which is exempt from taxation pursuant to the
18 Internal Revenue Code and whose primary focus is raising the
19 standard of cancer clinical care in Oklahoma through peer-reviewed
20 cancer research and education or a not-for-profit supporting
21 organization, as that term is defined by the Internal Revenue Code,
22 affiliated with a tax-exempt organization whose primary focus is
23 raising the standard of cancer clinical care in Oklahoma through
24 peer-reviewed cancer research and education. The tax-exempt

1 organization whose primary focus is raising the standard of cancer
2 clinical care in Oklahoma through peer-reviewed cancer research and
3 education shall:

4 a. either be an independent research institute or a
5 program that is part of a state university which is a
6 member of The Oklahoma State System of Higher
7 Education, and

8 b. receive at least Four Million Dollars (\$4,000,000.00)
9 in National Cancer Institute funding each year.

10 B. In no event shall the amount of the credit exceed the amount
11 of any tax liability of the taxpayer.

12 C. Any credits allowed but not used in any tax year may be
13 carried over, in order, to each of the four (4) years following the
14 year of qualification.

15 D. The Tax Commission shall have the authority to prescribe
16 forms for purposes of claiming the credit authorized by this
17 section.

18 SECTION 17. AMENDATORY 68 O.S. 2011, Section 2357.46, is
19 amended to read as follows:

20 Section 2357.46. A. Except as otherwise provided by subsection
21 G of this section, for tax years beginning after December 31, 2005,
22 there shall be allowed a credit against the tax imposed by Section
23 2355 of ~~Title 68 of Oklahoma Statutes~~ this title for eligible
24 expenditures incurred by a contractor in the construction of energy

1 efficient residential property of two thousand (2,000) square feet
2 or less. The amount of the credit shall be based upon the
3 following:

4 1. For any eligible energy efficient residential property
5 constructed and certified as forty percent (40%) or more above the
6 International Energy Conservation Code 2003 and any supplement in
7 effect at the time of completion, the amount of the credit shall be
8 equal to the eligible expenses, not to exceed Four Thousand Dollars
9 (\$4,000.00) for the taxpayer who is the contractor; and

10 2. For any eligible energy efficient residential property
11 constructed and certified as between twenty percent (20%) and
12 thirty-nine percent (39%) above the International Energy
13 Conservation Code 2003 and any supplement in effect at the time of
14 completion, the credit shall be equal to the eligible expenditures,
15 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who
16 is the contractor.

17 B. As used in this section:

18 1. "Eligible expenditure" means any:

- 19 a. energy efficient heating or cooling system,
20 b. insulation material or system which is specifically
21 and primarily designed to reduce the heat gain or loss
22 of a residential property when installed in or on such
23 property,
24 c. exterior windows, including skylights,

1 d. exterior doors, and

2 e. any metal roof installed on a residential property,
3 but only if such roof has appropriate pigmented
4 coatings which are specifically and primarily designed
5 to reduce the heat gain of such dwelling unit and
6 which meet Energy Star program requirements;

7 2. "Contractor" means the taxpayer who constructed the
8 residential property or manufactured home, or if more than one
9 taxpayer qualifies as the contractor, the primary contractor; and

10 3. "Eligible energy efficient residential property" means a
11 newly constructed residential property or manufactured home property
12 which is located in the State of Oklahoma and substantially complete
13 after December 31, 2005, and which is two thousand (2,000) square
14 feet or less:

15 a. for the credit provided pursuant to paragraph 1 of
16 subsection A of this section, which is certified by an
17 accredited Residential Energy Services Network
18 Provider using the Home Energy Rating System to have:

19 (1) a level of annual heating and cooling energy
20 consumption which is at least forty percent (40%)
21 below the annual level of heating and cooling
22 energy consumption of a comparable residential
23 property constructed in accordance with the
24 standards of Chapter 4 of the 2003 International

1 Energy Conservation Code, as such code is in
2 effect on ~~the effective date of this act~~ November
3 1, 2005,

4 (2) heating and cooling equipment efficiencies which
5 correspond to the minimum allowed under the
6 regulations established by the Department of
7 Energy pursuant to the National Appliance Energy
8 Conservation Act of 1987 and in effect at the
9 time of construction of the property, and

10 (3) building envelope component improvements which
11 account for at least one-fifth of the reduced
12 annual heating and cooling energy consumption
13 levels,

14 b. for the credit provided pursuant to paragraph 2 of
15 subsection A of this section, which is certified by an
16 accredited Residential Energy Services Network
17 Provider using the Home Energy Rating System to have:

18 (1) a level of annual heating and cooling energy
19 consumption which is between twenty percent (20%)
20 and thirty-nine percent (39%) below the annual
21 level of heating and cooling energy consumption
22 of a comparable residential property constructed
23 in accordance with the standards of Chapter 4 of
24 the 2003 International Energy Conservation Code,

1 as such code is in effect on ~~the effective date~~
2 ~~of this act~~ November 1, 2005,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-third of the reduced
11 annual heating and cooling energy consumption
12 levels.

13 C. The credit provided for in subsection A of this section may
14 only be claimed once for the contractor of any eligible residential
15 energy efficient property during the taxable year when the property
16 is substantially complete.

17 D. If the credit allowed pursuant to this section exceeds the
18 amount of income taxes due or if there are no state income taxes due
19 on the income of the taxpayer, the amount of credit allowed but not
20 used in any taxable year may be carried forward as a credit against
21 subsequent income tax liability for a period not exceeding four (4)
22 years following the qualified expenditures.

23 E. For credits earned on or after ~~the effective date of this~~
24 ~~act~~ August 25, 2006, through December 31, 2012, the credits

1 authorized by this section shall be freely transferable to
2 subsequent transferees. For tax year 2013 and all subsequent tax
3 years, no credit provided pursuant to this section may be allocated
4 by a pass-through entity to a shareholder, partner or member.

5 F. The Oklahoma Tax Commission shall promulgate rules necessary
6 to implement this act.

7 G. No credit otherwise authorized by the provisions of this
8 section may be claimed for any event, transaction, investment,
9 expenditure or other act occurring on or after July 1, 2010 ~~for~~
10 ~~which the credit would otherwise be allowable. The provisions of~~
11 ~~this subsection shall cease to be operative on July 1, 2012.~~
12 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
13 ~~claimed for any event, transaction, investment, expenditure or other~~
14 ~~act occurring on or after July 1, 2012, according to the provisions~~
15 ~~of this section through June 30, 2012. Total credits allowed for~~
16 any event, transaction, investment, expenditure or other act
17 pursuant to this section for the time period beginning on July 1,
18 2012, through December 31, 2013, shall be limited to fifty percent
19 (50%) of the total amount of accrued credit. For tax year 2014 and
20 all subsequent tax years, no credit shall be allowed for any event,
21 transaction, investment, expenditure or other act pursuant to this
22 section.

23 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2357.47, is
24 amended to read as follows:

1 Section 2357.47. A. 1. Except as otherwise provided in
2 subsection D of this section, for tax years beginning after December
3 31, 2005, there shall be allowed against the tax imposed by Section
4 2355 of this title, a credit for eligible wages paid by an employer
5 to an employee. The amount of the credit shall be ten percent (10%)
6 of the amount of the gross wages paid to the employee for a period
7 not to exceed ninety (90) days but in no event shall the credit
8 exceed Five Thousand Dollars (\$5,000.00) for each employee of each
9 taxpayer. In no event shall the total credit claimed exceed Twenty-
10 five Thousand Dollars (\$25,000.00) in any one year for any taxpayer.

11 2. Except as otherwise provided by subsection D of this
12 section, for tax years beginning after December 31, 2005, there
13 shall be allowed against the tax imposed by Section 2355 of this
14 title, a credit for eligible modification expenses of an employer.
15 The amount of the credit shall be fifty percent (50%) of the amount
16 of the funds expended for eligible modification expenses or new
17 tools or equipment but in no event shall the credit exceed One
18 Thousand Dollars (\$1,000.00) for eligible modification expenses
19 incurred for any single employee. In no event shall the total
20 credit claimed exceed Ten Thousand Dollars (\$10,000.00) in any year
21 for any taxpayer.

22 3. As used in this section:
23
24

- 1 a. "employee", "employer", "maximum medical improvement",
2 "treating physician", and "wages" shall be defined as
3 in Section 3 of Title 85 of the Oklahoma Statutes,
4 b. "eligible wages" means gross wages paid by an employer
5 to an employee who is injured as a result of an injury
6 which is compensable under the Workers' Compensation
7 Act and which are paid beginning when the employee
8 returns to work with restricted duties as provided by
9 the employee's treating physician or an independent
10 medical examiner before the employee has reached
11 maximum medical improvement, and ending after ninety
12 (90) days or when the employee has reached maximum
13 medical improvement, and
14 c. "eligible modification expenses" means expenses
15 incurred by an employer to modify a workplace, tools
16 or equipment or to obtain new tools or equipment and
17 which are incurred by an employer solely to enable a
18 specific injured employee who is injured as a result
19 of an injury which is compensable under the Workers'
20 Compensation Act to return to work with restricted
21 duties as provided by the employee's treating
22 physician or an independent medical examiner before
23 the employee has reached maximum medical improvement,
24

1 and which workplace, tools or equipment are used
2 primarily by the injured employee.

3 B. In no event shall the amount of the credit(s) exceed the
4 amount of any tax liability of the taxpayer.

5 C. The Oklahoma Tax Commission shall have the authority to
6 promulgate rules necessary to effectuate the purposes of this
7 section.

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

13 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
14 ~~claimed for any event, transaction, investment, expenditure or other~~
15 ~~act occurring on or after July 1, 2012, according to the provisions~~
16 ~~of this section through June 30, 2012. Total credits allowed for~~
17 any event, transaction, investment, expenditure or other act
18 pursuant to this section for the time period beginning on July 1,
19 2012, through December 31, 2013, shall be limited to fifty percent
20 (50%) of the total amount of accrued credit. For tax year 2014 and
21 all subsequent tax years, no credit shall be allowed for any event,
22 transaction, investment, expenditure or other act pursuant to this
23 section.
24

1 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2357.59, is
2 amended to read as follows:

3 Section 2357.59. A. Except as otherwise provided by subsection
4 F of this section, if any person, firm, corporation, partnership or
5 other legal entity has made application or filed an information
6 report on forms prescribed by the Oklahoma Tax Commission to receive
7 a credit against the tax imposed by Section 2355 of this title or
8 Section 624 of Title 36 of the Oklahoma Statutes pursuant to the
9 provisions of Sections 2357.23, 2357.51, 2357.52, 2357.53, 2357.54,
10 2357.55, 2357.56, 2357.57 or 2357.58 of this title on or before July
11 1, 1993, such credit may be received notwithstanding the provisions
12 of Section 51 of Senate Bill No. 459 of the 1st Session of the 44th
13 Oklahoma Legislature or that the other requirements for allowance of
14 such credit are not established until after July 1, 1993.

15 B. Except as provided in this section, no person, firm,
16 corporation, partnership or other legal entity shall qualify to
17 receive any such credit after July 1, 1993.

18 C. For any person, firm, corporation, partnership or other
19 legal entity or its successor who has filed the information report
20 specified in subsection A of this section, for taxable years
21 beginning after December 31, 1995, and ending on or before December
22 31, 2000, there shall be allowed a credit against the tax imposed by
23 Section 2355 of this title for fifteen percent (15%) of the
24 investment cost of a new qualified recycling facility. A person,

1 firm, corporation, partnership or other legal entity or its
2 successor which has withdrawn its application or information report
3 specified in subsection A of this section shall not be eligible for
4 such credit. For purposes of this subsection, a "qualified
5 recycling facility" shall mean buildings, land, improvements,
6 machinery and equipment located in Oklahoma and used in
7 manufacturing as defined by the Standard Industrial Classification
8 Code and at which facility is produced a qualified finished product,
9 provided that up to ten percent (10%) of the square feet of a
10 building may be devoted to office space used to provide clerical
11 support for the manufacturing operation. Such ten percent (10%) may
12 be in a separate building as long as it is part of the same
13 contiguous tract of property on which the manufacturing facility is
14 located. For purposes of this subsection, a "qualified finished
15 product" shall mean a marketable product or component thereof which
16 has economic value to the consumer and ninety percent (90%) of which
17 is composed of materials which have been separated, diverted or
18 removed from the waste stream and incorporated into the finished
19 product by any means or method.

20 D. The credit provided for in subsection C of this section
21 shall be subject to the following limitations:

22 1. The credit shall apply to investment in a qualified
23 recycling facility only if construction or on-site installation of
24

1 the facility commences on or after January 1, 1996, and before
2 December 31, 1999;

3 2. The credit shall only be available if the total cost of the
4 new qualified recycling facility exceeds Twenty Million Dollars
5 (\$20,000,000.00) and employs at least seventy-five new full-time-
6 equivalent employees, as certified by the Oklahoma Employment
7 Security Commission;

8 3. The credit shall be initially allowed for the tax year in
9 which the qualified recycling facility is placed in service.
10 However, any credit allowed but not used in any tax year due to the
11 limitation provided in paragraph 4 of this subsection shall be
12 carried over in order, but used only once, to each of the fourteen
13 (14) years following the year of initial allowance; and

14 4. The credit shall not be utilized in any tax year to reduce
15 the income tax liability of the owner of the qualified recycling
16 facility for such year by more than fifty percent (50%) of the tax
17 liability calculated from the income of the qualified recycling
18 facility. For purposes of subsections C and D of this section, the
19 "owner" shall include the user of a qualified recycling facility
20 under a lease with a term of five (5) years or more.

21 E. The Oklahoma Tax Commission may promulgate rules in order to
22 implement the provisions of this section including requirements to
23 submit any additional information as deemed necessary to implement
24 and administer this credit.

1 F. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2010,~~for~~
4 ~~which the credit would otherwise be allowable. The provisions of~~
5 ~~this subsection shall cease to be operative on July 1, 2012.~~
6 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
7 ~~claimed for any event, transaction, investment, expenditure or other~~
8 ~~act occurring on or after July 1, 2012, according to the provisions~~
9 ~~of this section through June 30, 2012. Total credits allowed for~~
10 any event, transaction, investment, expenditure or other act
11 pursuant to this section for the time period beginning on July 1,
12 2012, through December 31, 2013, shall be limited to fifty percent
13 (50%) of the total amount of accrued credit. For tax year 2014 and
14 all subsequent tax years, no credit shall be allowed for any event,
15 transaction, investment, expenditure or other act pursuant to this
16 section.

17 SECTION 20. AMENDATORY 68 O.S. 2011, Section 2357.81, is
18 amended to read as follows:

19 Section 2357.81. A. Subject to the limitation imposed pursuant
20 to subsection C of Section 842 of Title 62 of the Oklahoma Statutes
21 and except as otherwise provided by subsection F of this section,
22 for taxable years beginning after December 31, 2000, there shall be
23 allowed as a credit against the tax imposed pursuant to Section 2355
24 of ~~Title 68 of the Oklahoma Statutes~~ this title, an amount equal to

1 one hundred percent (100%) of the amount of ad valorem taxes
2 exempted pursuant to the provisions of Section 860 of Title 62 of
3 the Oklahoma Statutes for an enterprise locating a new facility
4 within or expanding an existing facility within an enterprise zone
5 as designated pursuant to Section 690.2 of ~~Title 68 of the Oklahoma~~
6 ~~Statutes~~ this title if such facility is also located within an
7 incentive district.

8 B. The income tax credit authorized by this section shall only
9 be available, to the extent otherwise allowable and except as
10 otherwise provided by subsection F of this section, for ad valorem
11 taxes for which an exemption has been provided pursuant to Section
12 860 of Title 62 of the Oklahoma Statutes on or after January 1,
13 2001. The county assessor of the county in which the facility is
14 located, or any part of the facility, shall provide an annual
15 certification to the Oklahoma Tax Commission not later than January
16 31 of each calendar year as to the amount of ad valorem taxes which
17 would have been payable by the owner of the facility without the
18 exemption provided by Section 860 of Title 62 of the Oklahoma
19 Statutes.

20 C. In order to claim the credit authorized by this section, the
21 taxpayer shall obtain a certification from the local governing body
22 approving the incentive district which shall be acknowledged by the
23 chief elected official of the local governing body. The
24 certification shall be signed by the Director of the Oklahoma

1 Department of Commerce or designee, that the facility is located
2 within an enterprise zone. The signature required by this
3 subsection shall be acknowledged in the manner provided by law.

4 D. The credit authorized by this section shall be allowable
5 only to the extent of ad valorem taxes which would have been levied
6 upon the taxable value of real property and improvements physically
7 attached to real property constituting the eligible facility without
8 the exemption provided by Section 860 of Title 62 of the Oklahoma
9 Statutes and shall not be allowable to the extent that the credit is
10 claimed for ad valorem taxes which would have been levied upon the
11 taxable value of personal property of the enterprise even if the
12 incentive granted by the participating governmental entities in the
13 incentive district includes personal property.

14 E. If the tax credit authorized by this section exceeds the
15 amount of taxes due or if there are no state taxes due of the
16 taxpayer, the amount of the claim not used as an offset against the
17 taxes of a taxable year may be carried forward for a period not to
18 exceed ten (10) years.

19 F. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2010, ~~for~~
22 ~~which the credit would otherwise be allowable. The provisions of~~
23 ~~this subsection shall cease to be operative on July 1, 2012.~~
24 ~~Beginning July 1, 2012, the credit authorized by this section may be~~

1 ~~claimed for any event, transaction, investment, expenditure or other~~
2 ~~act occurring on or after July 1, 2012, according to the provisions~~
3 ~~of this section through June 30, 2012. Total credits allowed for~~
4 ~~any event, transaction, investment, expenditure or other act~~
5 ~~pursuant to this section for the time period beginning on July 1,~~
6 ~~2012, through December 31, 2013, shall be limited to fifty percent~~
7 ~~(50%) of the total amount of accrued credit. For tax year 2014 and~~
8 ~~all subsequent tax years, no credit shall be allowed for any event,~~
9 ~~transaction, investment, expenditure or other act pursuant to this~~
10 ~~section.~~

11 SECTION 21. AMENDATORY 68 O.S. 2011, Section 2357.100,
12 is amended to read as follows:

13 Section 2357.100. A. For taxable years beginning after
14 December 31, 2004, and ending on or before December 31, 2009, there
15 shall be allowed a credit against the tax imposed by Section 2355 of
16 this title for the purchase and transportation of poultry litter.
17 Subject to the limitations provided in subsection C of this section,
18 the credit shall be available to the purchaser of the poultry litter
19 and shall equal Five Dollars (\$5.00) per ton purchased and
20 transported.

21 B. Except as provided in subsection F of this section, for
22 taxable years beginning after December 31, 2009, and ending on or
23 before December 31, 2013, there shall be allowed a credit against
24 the tax imposed by Section 2355 of this title for the purchase and

1 transportation of poultry litter. Subject to the limitations
2 provided in subsection C of this section, the credit shall be
3 available to the purchaser of the poultry litter and shall equal Ten
4 Dollars (\$10.00) per ton purchased and transported.

5 C. 1. The total of the credits authorized by this section
6 shall not exceed Three Hundred Seventy-five Thousand Dollars
7 (\$375,000.00) annually. The amount of the credit for each purchaser
8 shall be adjusted annually so that the total estimate of the credits
9 authorized by this section does not exceed Three Hundred Seventy-
10 five Thousand Dollars (\$375,000.00). The formula to be used for the
11 percentage adjustment shall be Three Hundred Seventy-five Thousand
12 Dollars (\$375,000.00) divided by the credits claimed in the
13 preceding year. In no event shall the credit be claimed more than
14 once by a taxpayer each taxable year.

15 2. In the event the total tax credits authorized by this
16 section exceed Three Hundred Seventy-five Thousand Dollars
17 (\$375,000.00) in any calendar year, the Oklahoma Tax Commission
18 shall permit any excess over Three Hundred Seventy-five Thousand
19 Dollars (\$375,000.00) but shall factor such excess into the
20 percentage adjustment formula for subsequent years.

21 D. In order to qualify for the credit provided for in
22 subsections A and B of this section:

23 1. The poultry litter shall only be purchased from an Oklahoma-
24 based poultry operation registered with the State Board of

1 Agriculture and located within an environmentally sensitive and
2 nutrient-limited watershed area as defined in the most recent
3 Oklahoma Water Quality Standards;

4 2. The poultry litter shall be used or spread in a watershed
5 that is not environmentally sensitive and nutrient-limited as
6 defined in the most recent Oklahoma Water Quality Standards; and

7 3. The poultry litter shall be applied by a certified poultry
8 waste applicator as defined by Section 10-9.1 of Title 2 of the
9 Oklahoma Statutes and in accordance with the provisions of ~~Sections~~
10 ~~10-9.16 through 10-9.21 of Title 2 of the Oklahoma Statutes~~ the
11 Oklahoma Poultry Waste Applicators Certification Act and any rules
12 promulgated by the Oklahoma Department of Agriculture, Food, and
13 Forestry.

14 E. The credit allowed by this section shall be available to the
15 taxpayer in the year in which the poultry litter was purchased and
16 transported, provided the taxpayer is found by the Oklahoma
17 Department of Agriculture, Food, and Forestry to have applied the
18 poultry litter in a manner consistent with an Animal Waste
19 Management Plan, as defined in Section 10-9.1 of Title 2 of the
20 Oklahoma Statutes, specifically designed to restore and protect
21 beneficial uses from impairment from nutrients. If the credit
22 exceeds the amount of income taxes due or if there are no state
23 income taxes due on the income of the taxpayer, the amount of the
24 credit not used as an offset against the income taxes for a year may

1 be carried forward as a credit against subsequent income tax
2 liability for a period not to exceed five (5) years.

3 F. No credit otherwise authorized by the provisions of this
4 section 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 subsection shall cease to be operative on July 1, 2012.~~
8 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
9 ~~claimed for any event, transaction, investment, expenditure or other~~
10 ~~act occurring on or after July 1, 2012, according to the provisions~~
11 ~~of this section through June 30, 2012. Total credits allowed for~~
12 any event, transaction, investment, expenditure or other act
13 pursuant to this section for the time period beginning on July 1,
14 2012, through December 31, 2013, shall be limited to fifty percent
15 (50%) of the total amount of accrued credit. For tax year 2014 and
16 all subsequent tax years, no credit shall be allowed for any event,
17 transaction, investment, expenditure or other act pursuant to this
18 section.

19 SECTION 22. AMENDATORY 68 O.S. 2011, Section 2357.101,
20 is amended to read as follows:

21 Section 2357.101. A. Except as otherwise provided in
22 subsection ~~G~~ E of this section, for taxable years beginning after
23 December 31, 2004, there shall be allowed against the tax imposed by
24 Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title, a

1 credit equal to twenty-five percent (25%) of the amount of profit
2 made by a taxpayer from investment in an existing Oklahoma film or
3 music project with a production company to pay for production costs
4 that is reinvested by the taxpayer with the production company to
5 pay for the production cost of the production company for a new
6 Oklahoma film or music project.

7 B. In no event shall the amount of the credit provided for in
8 subsection A of this section for an eligible taxpayer exceed the tax
9 liability of the taxpayer in a calendar year.

10 C. The Oklahoma Tax Commission shall have the authority to
11 prescribe forms for purposes of claiming the credit authorized in
12 subsection A of this section. The forms shall include, but not be
13 limited to, requests for information that prove who the investment
14 was with, the amount of the original investment and the amount of
15 the profit realized from the investment.

16 D. As used in this section:

17 1. "Film" means a professional single media, multimedia program
18 or feature, which is not child pornography as defined in subsection
19 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene
20 material as defined in paragraph 1 of subsection B of Section 1024.1
21 of Title 21 of the Oklahoma Statutes including, but not limited to,
22 national advertising messages that are broadcast on a national
23 affiliate or cable network, fixed on film or digital video, which
24 can be viewed or reproduced and which is exhibited in theaters,

1 licensed for exhibition by individual television stations, groups of
2 stations, networks, cable television stations or other means or
3 licensed for home viewing markets;

4 2. "Music project" means a professional recording released on a
5 national or international level, whether via traditional
6 manufacturing or distributing or electronic distribution, using
7 technology currently in use or future technology including, but not
8 limited to, music CDs, radio commercials, jingles, cues, or
9 electronic device recordings;

10 3. "Production company" means a person who produces a film or
11 music project for exhibition in theaters, on television or
12 elsewhere;

13 4. "Total production cost" includes, but is not limited to:

14 a. wages or salaries of persons who have earned income
15 from working on a film or music project in this state,
16 including payments to personal services corporations
17 with respect to the services of qualified performing
18 artists, as determined under Section 62(a)(A) of the
19 Internal Revenue Code,

20 b. the cost of construction and operations, wardrobe,
21 accessories and related services,

22 c. the cost of photography, sound synchronization,
23 lighting and related services,

24 d. the cost of editing and related services,

- e. rental of facilities and equipment, and
- f. other direct costs of producing a film or music project;

5. "Existing Oklahoma film or music project" means a film or music project produced after July 1, 2005;

6. "Profit" means the amount made by the taxpayer to be determined as follows:

- a. the gross revenues less gross expenses, including direct production, distribution and marketing costs and an allocation of indirect overhead costs, of the film or music project shall be multiplied by,
- b. a ratio, the numerator of which is Oklahoma production costs, as defined in paragraph 7 of this subsection, and the denominator of which is total production costs, as defined in paragraph 4 of this subsection, which shall be multiplied by,
- c. the percent of the taxpayer's taxable income allocated to Oklahoma in a taxable year, and
- d. subtract from the result of the formula calculated pursuant to subparagraphs a through c of this paragraph the profit made by a taxpayer from investment in an existing Oklahoma film or music project in previous taxable years. Profit shall include either a net profit or net loss;

1 7. "Oklahoma production cost" means that portion of total
2 production costs which are incurred with any qualified vendor;

3 8. a. "Qualified vendor" means an Oklahoma entity which
4 provides goods or services to a production company and
5 for which:

6 (1) fifty percent (50%) or more of its employees are
7 Oklahoma residents, and

8 (2) fifty percent (50%) or more of gross wages, as
9 reported on Internal Revenue Service Form W-2 or
10 Form 1099, are paid to Oklahoma residents.

11 b. For purposes of this paragraph, an employee shall
12 include a self-employed individual reporting income
13 from a qualified vendor on Internal Revenue Service
14 Form 1040.

15 c. The Oklahoma Tax Commission shall prescribe forms by
16 which an entity may be certified to a production
17 company as a qualified vendor for purposes of this
18 section; and

19 9. "Investment" means costs associated with the original
20 production company. Film or music projects acquired from an
21 original production company do not qualify as investment under
22 subsection A of this section.

23 ~~G.~~ E. No credit otherwise authorized by the provisions of this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, ~~for~~
2 ~~which the credit would otherwise be allowable. The provisions of~~
3 ~~this subsection shall cease to be operative on July 1, 2012.~~
4 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
5 ~~claimed for any event, transaction, investment, expenditure or other~~
6 ~~act occurring on or after July 1, 2012, according to the provisions~~
7 ~~of this section through June 30, 2012. Total credits allowed for~~
8 any event, transaction, investment, expenditure or other act
9 pursuant to this section for the time period beginning on July 1,
10 2012, through December 31, 2013, shall be limited to fifty percent
11 (50%) of the total amount of accrued credit. For tax year 2014 and
12 all subsequent tax years, no credit shall be allowed for any event,
13 transaction, investment, expenditure or other act pursuant to this
14 section.

15 SECTION 23. AMENDATORY 68 O.S. 2011, Section 2357.102,
16 is amended to read as follows:

17 Section 2357.102. A. Except as otherwise provided by
18 subsection G of this section, for taxable years beginning after
19 December 31, 2005, there shall be allowed a credit against the tax
20 imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this
21 title for the cost of the purchase of a dry fire hydrant or the cost
22 to provide an acceptable means of water storage for such dry fire
23 hydrant including a pond, tank, or other storage facility with the
24 primary purpose of fire protection within the State of Oklahoma.

1 The credit shall be equal to fifty percent (50%) of the purchase
2 price of the dry fire hydrant or the actual expenditure for any new
3 water storage construction, equipment, development and installation
4 of the dry hydrant, including pipes, valves, hydrants, and labor for
5 each installation of a dry hydrant or new water storage facility but
6 in no event shall the amount of the credit exceed Five Thousand
7 Dollars (\$5,000.00) for each taxpayer.

8 B. In order to qualify for the tax credit provided for in
9 subsection A of this section, the dry fire hydrant or new water
10 storage facility must meet the following minimum requirements:

11 1. Each body of water or water storage structure must be able
12 to provide two hundred fifty (250) gallons per minute for a
13 continuous two-hour period during a fifty-year drought or freeze at
14 a vertical lift of eighteen (18) feet;

15 2. Each dry fire hydrant must be located within twenty-five
16 (25) feet of an all-weather roadway and must be accessible to fire
17 protection equipment; and

18 3. Dry fire hydrants shall be located a reasonable distance
19 from other dry or pressurized hydrants.

20 C. In no event shall the amount of the credit exceed the amount
21 of any tax liability of the taxpayer.

22 D. Any credits allowed but not used in any tax year may be
23 carried over, in order, to each of the four (4) years following the
24 year of qualification.

1 E. The Oklahoma Tax Commission and the State Fire Marshal
2 Commission shall promulgate rules to establish the requirements for
3 the construction of a dry fire hydrant or new water storage facility
4 and permit verification of eligibility of a dry fire hydrant or new
5 water storage facility for the credit provided for in subsection A
6 of this section.

7 F. As used in this section, "dry fire hydrant" means
8 nonpressurized pipes permanently installed in lakes, farm ponds, and
9 streams that provide a ready means of drawing water.

10 G. No credit otherwise authorized by the provisions of this
11 section may be claimed for any event, transaction, investment,
12 expenditure or other act occurring on or after July 1, 2010, ~~for~~
13 ~~which the credit would otherwise be allowable. The provisions of~~
14 ~~this subsection shall cease to be operative on July 1, 2012.~~
15 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
16 ~~claimed for any event, transaction, investment, expenditure or other~~
17 ~~act occurring on or after July 1, 2012, according to the provisions~~
18 ~~of this section~~ through June 30, 2012. Total credits allowed for
19 any event, transaction, investment, expenditure or other act
20 pursuant to this section for the time period beginning on July 1,
21 2012, through December 31, 2013, shall be limited to fifty percent
22 (50%) of the total amount of accrued credit. For tax year 2014 and
23 all subsequent tax years, no credit shall be allowed for any event,
24

1 transaction, investment, expenditure or other act pursuant to this
2 section.

3 SECTION 24. AMENDATORY 68 O.S. 2011, Section 2357.104,
4 is amended to read as follows:

5 Section 2357.104. A. Except as otherwise provided by
6 subsection G of this section, for taxable years beginning after
7 December 31, 2005, there shall be allowed a credit against the tax
8 imposed by Section 2355 of this title equal to fifty percent (50%)
9 of an eligible taxpayer's qualified railroad reconstruction or
10 replacement expenditures.

11 B. 1. Except as provided in paragraph 2 of this subsection,
12 the amount of the credit shall be limited to the product of Five
13 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
14 (\$2,000.00) for tax year 2008 and subsequent tax years and the
15 number of miles of railroad track owned or leased within this state
16 by the eligible taxpayer as of the close of the taxable year.

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

23 C. ~~The~~ Before January 1, 2013, the credit allowed pursuant to
24 subsection A of this section but not used shall be freely

1 transferable, by written agreement, to subsequent transferees at any
2 time during the five (5) years following the year of qualification.
3 An eligible transferee shall be any taxpayer subject to the tax
4 imposed by Section 2355 of this title. The person originally
5 allowed the credit and the subsequent transferee shall jointly file
6 a copy of the written credit transfer agreement with the Oklahoma
7 Tax Commission within thirty (30) days of the transfer. The written
8 agreement shall contain the name, address and taxpayer
9 identification number of the parties to the transfer, the amount of
10 credit being transferred, the year the credit was originally allowed
11 to the transferring person and the tax year or years for which the
12 credit may be claimed. The Tax Commission shall promulgate rules to
13 permit verification of the timeliness of a tax credit claimed upon a
14 tax return pursuant to this subsection but shall not promulgate any
15 rules which unduly restrict or hinder the transfers of such tax
16 credit. The Department of Transportation shall promulgate rules to
17 permit verification of the eligibility of an eligible taxpayer's
18 expenditures for the purpose of claiming the credit. The rules
19 shall provide for the approval of qualified railroad reconstruction
20 or replacement expenditures prior to commencement of a project and
21 provide a certificate of verification upon completion of a project
22 that uses qualified railroad reconstruction or replacement
23 expenditures. The certificate of verification shall satisfy all
24 requirements of the Tax Commission pertaining to the eligibility of

1 the person claiming the credit. For tax year 2013 and all
2 subsequent tax years, no credit provided pursuant to this section
3 may be allocated by a pass-through entity to a shareholder, partner
4 or member.

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

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

13 F. As used in this section:

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

17 2. "Eligible taxpayer" means any Class II or Class III
18 railroad; and

19 3. "Qualified railroad reconstruction or replacement
20 expenditures" means expenditures for:

21 a. reconstruction or replacement of railroad
22 infrastructure including track, roadbed, bridges,
23 industrial leads and track-related structures owned or
24

1 leased by a Class II or Class III railroad as of
2 January 1, 2006, or

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

6 G. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2010, ~~for~~

9 ~~which the credit would otherwise be allowable. The provisions of~~
10 ~~this subsection shall cease to be operative on July 1, 2012.~~

11 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
12 ~~claimed for any event, transaction, investment, expenditure or other~~
13 ~~act occurring on or after July 1, 2012, according to the provisions~~
14 ~~of this section through June 30, 2012. Total credits allowed for~~
15 ~~any event, transaction, investment, expenditure or other act~~

16 pursuant to this section for the time period beginning on July 1,
17 2012, through December 31, 2013, shall be limited to fifty percent

18 (50%) of the total amount of accrued credit. For tax year 2014 and
19 all subsequent tax years, no credit shall be allowed for any event,
20 transaction, investment, expenditure or other act pursuant to this
21 section.

22 SECTION 25. AMENDATORY 68 O.S. 2011, Section 2357.203,
23 is amended to read as follows:

24 Section 2357.203. A. As used in this section:

1 1. "Nonqualified operating expenditures" means labor costs,
2 salary and other compensation, whether direct or indirect, paid to
3 directors, officers, limited liability company members, limited
4 liability company managers, partners or other principals or
5 employees of the business entity;

6 2. "Qualified direct costs" means expenditures, other than
7 nonqualified operating expenditures, to construct dog kennels,
8 fences, pens, training areas for canines, structures for office
9 space or other improvements to real property necessary for the
10 proper training of a specially trained canine, including the cost of
11 food, water, veterinary expenses and other costs directly related to
12 the operation of the training facility; and

13 3. "Specially trained canines" means dogs that are raised by a
14 person who is officially licensed as a dog breeder by the United
15 States Department of Agriculture.

16 B. Except as provided in subsection F of this section, for
17 taxable years beginning after December 31, 2005, there shall be
18 allowed a credit against the tax imposed pursuant to Section 2355 of
19 ~~Title 68 of the Oklahoma Statutes~~ this title in the amount of fifty
20 percent (50%) of the qualified direct costs associated with the
21 operation of a business enterprise the principal purpose of which is
22 the rearing of specially trained canines.

23 C. The provisions of this section shall not be applicable to
24 nonqualified operating expenditures.

1 D. The credit authorized by this section shall not be used to
2 reduce the tax liability of the taxpayer to less than zero (0). Any
3 credits authorized by this section claimed for a taxable year which
4 are unable to be used may be carried over, in order, to each of the
5 five (5) subsequent taxable years.

6 E. The Oklahoma Tax Commission shall be authorized to prescribe
7 such forms as may be necessary in order to administer the tax credit
8 authorized by this section. The Tax Commission may request such
9 additional documentation as may be required from the taxpayer in
10 order to verify the eligibility for the credit authorized by this
11 section.

12 F. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2010, ~~for~~
15 ~~which the credit would otherwise be allowable. The provisions of~~
16 ~~this subsection shall cease to be operative on July 1, 2012.~~
17 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
18 ~~claimed for any event, transaction, investment, expenditure or other~~
19 ~~act occurring on or after July 1, 2012, according to the provisions~~
20 ~~of this section through June 30, 2012. Total credits allowed for~~
21 any event, transaction, investment, expenditure or other act
22 pursuant to this section for the time period beginning on July 1,
23 2012, through December 31, 2013, shall be limited to fifty percent
24 (50%) of the total amount of accrued credit. For tax year 2014 and

1 all subsequent tax years, no credit shall be allowed for any event,
2 transaction, investment, expenditure or other act pursuant to this
3 section.

4 SECTION 26. AMENDATORY 68 O.S. 2011, Section 2358, is
5 amended to read as follows:

6 Section 2358. For all tax years beginning after December 31,
7 1981, taxable income and adjusted gross income shall be adjusted to
8 arrive at Oklahoma taxable income and Oklahoma adjusted gross income
9 as required by this section.

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

13 1. There shall be added interest income on obligations of any
14 state or political subdivision thereto which is not otherwise
15 exempted pursuant to other laws of this state, to the extent that
16 such interest is not included in taxable income and adjusted gross
17 income.

18 2. There shall be deducted amounts included in such income that
19 the state is prohibited from taxing because of the provisions of the
20 Federal Constitution, the State Constitution, federal laws or laws
21 of Oklahoma.

22 3. The amount of any federal net operating loss deduction shall
23 be adjusted as follows:

24

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

10 b. For carryovers and carrybacks to taxable years
11 beginning after December 31, 1980, the amount of any
12 net operating loss deduction allowed for the taxable
13 year shall be an amount equal to the aggregate of the
14 Oklahoma net operating loss carryovers and carrybacks
15 to such year. Oklahoma net operating losses shall be
16 separately determined by reference to Section 172 of
17 the Internal Revenue Code, 26 U.S.C., Section 172, as
18 modified by the Oklahoma Income Tax Act, ~~Section 2351~~
19 ~~et seq. of this title~~, and shall be allowed without
20 regard to the existence of a federal net operating
21 loss. For tax years beginning after December 31,
22 2000, and ending before January 1, 2008, the years to
23 which such losses may be carried shall be determined
24 solely by reference to Section 172 of the Internal

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

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

21 a. Income from real and tangible personal property, such
22 as rents, oil and mining production or royalties, and
23 gains or losses from sales of such property, shall be
24

1 allocated in accordance with the situs of such
2 property;

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

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

22 (2) for taxable years beginning after December 31,
23 2003, capital or ordinary gains or losses from
24 the sale of an ownership interest in a publicly

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

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

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

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

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

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

22 (3) sales of the product stored in public warehouses
23 within the state where the shipment to such
24 warehouses is not covered by "in transit"

1 tariffs, as prescribed and allowed by the
2 Interstate Commerce Commission, to a purchaser
3 within or without the state,

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

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

19 (1) except as otherwise provided by division (2) of
20 this subparagraph, taxable income of an insurance
21 company for a taxable year shall be apportioned
22 to this state by multiplying such income by a
23 fraction, the numerator of which is the direct
24 premiums written for insurance on property or

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

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

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

19 5. The net income or loss remaining after the separate
20 allocation in paragraph 4 of this subsection, being that which is
21 derived from a unitary business enterprise, shall be apportioned to
22 this state on the basis of the arithmetical average of three factors
23 consisting of property, payroll and sales or gross revenue
24 enumerated as subparagraphs a, b and c of this paragraph. Net

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

21 a. The property factor is a fraction, the numerator of
22 which is the average value of the taxpayer's real and
23 tangible personal property owned or rented and used in
24 this state during the tax period and the denominator

1 of which is the average value of all the taxpayer's
2 real and tangible personal property everywhere owned
3 or rented and used during the tax period.

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

16 (2) Property owned by the taxpayer is valued at its
17 original cost. Property rented by the taxpayer
18 is valued at eight times the net annual rental
19 rate. Net annual rental rate is the annual
20 rental rate paid by the taxpayer, less any annual
21 rental rate received by the taxpayer from
22 subrentals,

23 (3) The average value of property shall be determined
24 by averaging the values at the beginning and

1 ending of the tax period but the Oklahoma Tax
2 Commission may require the averaging of monthly
3 values during the tax period if reasonably
4 required to reflect properly the average value of
5 the taxpayer's property;

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

15 (1) In the case of a transportation enterprise, the
16 numerator of the fraction shall include a portion
17 of such expenditure in connection with employees
18 operating equipment over a fixed route, such as
19 railroad employees, airline pilots, or bus
20 drivers, in this state only a part of the time,
21 in the proportion that mileage traveled in
22 Oklahoma bears to total mileage traveled by such
23 employees,
24

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

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

16 (1) Sales of tangible personal property have a situs
17 in this state if the property is delivered or
18 shipped to a purchaser other than the United
19 States government, within this state regardless
20 of the FOB point or other conditions of the sale;
21 or the property is shipped from an office, store,
22 warehouse, factory or other place of storage in
23 this state and (a) the purchaser is the United
24 States government or (b) the taxpayer is not

1 doing business in the state of the destination of
2 the shipment.

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

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

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

1 "traffic unit" is hereby defined as the
2 transportation for a distance of one (1) mile of
3 one (1) barrel of oil, one (1) gallon of gasoline
4 or one thousand (1,000) cubic feet of natural or
5 casinghead gas, as the case may be.

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

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

21 6. For calendar years 1997 and 1998, the owner of a new or
22 expanded agricultural commodity processing facility in this state
23 may exclude from Oklahoma taxable income, or in the case of an
24 individual, the Oklahoma adjusted gross income, fifteen percent

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

22 For purposes of this paragraph:

- 23 a. "Agricultural commodity processing facility" means
24 building, structures, fixtures and improvements used

1 or operated primarily for the processing or production
2 of marketable products from agricultural commodities.
3 The term shall also mean a dairy operation that
4 requires a depreciable investment of at least Two
5 Hundred Fifty Thousand Dollars (\$250,000.00) and which
6 produces milk from dairy cows. The term does not
7 include a facility that provides only, and nothing
8 more than, storage, cleaning, drying or transportation
9 of agricultural commodities, and

10 b. "Facility" means each part of the facility which is
11 used in a process primarily for:

- 12 (1) the processing of agricultural commodities,
13 including receiving or storing agricultural
14 commodities, or the production of milk at a dairy
15 operation,
- 16 (2) transporting the agricultural commodities or
17 product before, during or after the processing,
18 or
- 19 (3) packaging or otherwise preparing the product for
20 sale or shipment.

21 7. Despite any provision to the contrary in paragraph 3 of this
22 subsection, for taxable years beginning after December 31, 1999, in
23 the case of a taxpayer which has a farming loss, such farming loss
24 shall be considered a net operating loss carryback in accordance

1 with and to the extent of the Internal Revenue Code, 26 U.S.C.,
2 Section 172(b)(G). However, the amount of the net operating loss
3 carryback shall not exceed the lesser of:

- 4 a. Sixty Thousand Dollars (\$60,000.00), or
- 5 b. the loss properly shown on Schedule F of the Internal
6 Revenue Service Form 1040 reduced by one-half (1/2) of
7 the income from all other sources other than reflected
8 on Schedule F.

9 8. In taxable years beginning after December 31, 1995, all
10 qualified wages equal to the federal income tax credit set forth in
11 26 U.S.C.A., Section 45A, shall be deducted from taxable income.
12 The deduction allowed pursuant to this paragraph shall only be
13 permitted for the tax years in which the federal tax credit pursuant
14 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this
15 paragraph, "qualified wages" means those wages used to calculate the
16 federal credit pursuant to 26 U.S.C.A., Section 45A.

17 9. In taxable years beginning after December 31, 2005, an
18 employer that is eligible for and utilizes the Safety Pays OSHA
19 Consultation Service provided by the Oklahoma Department of Labor
20 shall receive an exemption from taxable income in the amount of One
21 Thousand Dollars (\$1,000.00) for the tax year that the service is
22 utilized.

23 10. For taxable years beginning on or after January 1, 2010,
24 there shall be added to Oklahoma taxable income an amount equal to

1 the amount of deferred income not included in such taxable income
2 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986
3 as amended by Section 1231 of the American Recovery and Reinvestment
4 Act of 2009 (P.L. No. 111-5). There shall be subtracted from
5 Oklahoma taxable income an amount equal to the amount of deferred
6 income included in such taxable income pursuant to Section 108(i)(1)
7 of the Internal Revenue Code of 1986, as amended by Section 1231 of
8 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

9 B. 1. The taxable income of any corporation shall be further
10 adjusted to arrive at Oklahoma taxable income, except those
11 corporations electing treatment as provided in subchapter S of the
12 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section
13 2365 of this title, deductions pursuant to the provisions of the
14 Accelerated Cost Recovery System as defined and allowed in the
15 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,
16 Section 168, for depreciation of assets placed into service after
17 December 31, 1981, shall not be allowed in calculating Oklahoma
18 taxable income. Such corporations shall be allowed a deduction for
19 depreciation of assets placed into service after December 31, 1981,
20 in accordance with provisions of the Internal Revenue Code, 26
21 U.S.C., Section 1 et seq., in effect immediately prior to the
22 enactment of the Accelerated Cost Recovery System. The Oklahoma tax
23 basis for all such assets placed into service after December 31,
24 1981, calculated in this section shall be retained and utilized for

1 all Oklahoma income tax purposes through the final disposition of
2 such assets.

3 Notwithstanding any other provisions of the Oklahoma Income Tax
4 Act, ~~Section 2351 et seq. of this title,~~ or of the Internal Revenue
5 Code to the contrary, this subsection shall control calculation of
6 depreciation of assets placed into service after December 31, 1981,
7 and before January 1, 1983.

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

16 2. For tax years beginning on or after January 1, 2009, and
17 ending on or before December 31, 2009, there shall be added to
18 Oklahoma taxable income any amount in excess of One Hundred Seventy-
19 five Thousand Dollars (\$175,000.00) which has been deducted as a
20 small business expense under Internal Revenue Code, Section 179 as
21 provided in the American Recovery and Reinvestment Act of 2009.

22 C. 1. For taxable years beginning after December 31, 1987, the
23 taxable income of any corporation shall be further adjusted to
24 arrive at Oklahoma taxable income for transfers of technology to

1 qualified small businesses located in Oklahoma. Such transferor
2 corporation shall be allowed an exemption from taxable income of an
3 amount equal to the amount of royalty payment received as a result
4 of such transfer; provided, however, such amount shall not exceed
5 ten percent (10%) of the amount of gross proceeds received by such
6 transferor corporation as a result of the technology transfer. Such
7 exemption shall be allowed for a period not to exceed ten (10) years
8 from the date of receipt of the first royalty payment accruing from
9 such transfer. No exemption may be claimed for transfers of
10 technology to qualified small businesses made prior to January 1,
11 1988.

12 2. For purposes of this subsection:

13 a. "Qualified small business" means an entity, whether
14 organized as a corporation, partnership, or
15 proprietorship, organized for profit with its
16 principal place of business located within this state
17 and which meets the following criteria:

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

1 b. "Technology" means a proprietary process, formula,
2 pattern, device or compilation of scientific or
3 technical information which is not in the public
4 domain;

5 c. "Transferor corporation" means a corporation which is
6 the exclusive and undisputed owner of the technology
7 at the time the transfer is made; and

8 d. "Gross proceeds" means the total amount of
9 consideration for the transfer of technology, whether
10 the consideration is in money or otherwise.

11 D. 1. For taxable years beginning after December 31, 2005, the
12 taxable income of any corporation, estate or trust, shall be further
13 adjusted for qualifying gains receiving capital treatment. Such
14 corporations, estates or trusts shall be allowed a deduction from
15 Oklahoma taxable income for the amount of qualifying gains receiving
16 capital treatment earned by the corporation, estate or trust during
17 the taxable year and included in the federal taxable income of such
18 corporation, estate or trust.

19 2. As used in this subsection:

20 a. "qualifying gains receiving capital treatment" means
21 the amount of net capital gains, as defined in Section
22 1222(11) of the Internal Revenue Code, included in the
23 federal income tax return of the corporation, estate
24 or trust that result from:

1 (1) the sale of real property or tangible personal
2 property located within Oklahoma that has been
3 directly or indirectly owned by the corporation,
4 estate or trust for a holding period of at least
5 five (5) years prior to the date of the
6 transaction from which such net capital gains
7 arise,

8 (2) the sale of stock or on the sale of an ownership
9 interest in an Oklahoma company, limited
10 liability company, or partnership where such
11 stock or ownership interest has been directly or
12 indirectly owned by the corporation, estate or
13 trust for a holding period of at least three (3)
14 years prior to the date of the transaction from
15 which the net capital gains arise, or

16 (3) the sale of real property, tangible personal
17 property or intangible personal property located
18 within Oklahoma as part of the sale of all or
19 substantially all of the assets of an Oklahoma
20 company, limited liability company, or
21 partnership where such property has been directly
22 or indirectly owned by such entity owned by the
23 owners of such entity, and used in or derived
24 from such entity for a period of at least three

1 (3) years prior to the date of the transaction
2 from which the net capital gains arise,

3 b. "holding period" means an uninterrupted period of
4 time. The holding period shall include any additional
5 period when the property was held by another
6 individual or entity, if such additional period is
7 included in the taxpayer's holding period for the
8 asset pursuant to the Internal Revenue Code,

9 c. "Oklahoma company", "limited liability company", or
10 "partnership" means an entity whose primary
11 headquarters have been located in Oklahoma for at
12 least three (3) uninterrupted years prior to the date
13 of the transaction from which the net capital gains
14 arise,

15 d. "direct" means the taxpayer directly owns the asset,
16 and

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

21 (1) With respect to sales of real property or
22 tangible personal property located within
23 Oklahoma, the deduction described in this
24 subsection shall not apply unless the pass-

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

10 (2) With respect to sales of stock or ownership
11 interest in or sales of all or substantially all
12 of the assets of an Oklahoma company, limited
13 liability company, or partnership, the deduction
14 described in this subsection shall not apply
15 unless the pass-through entity that makes the
16 sale has held the stock or ownership interest or
17 the assets for not less than three (3)
18 uninterrupted years prior to the date of the
19 transaction that created the capital gain, and
20 each pass-through entity included in the chain of
21 ownership has been a member, partner or
22 shareholder of the pass-through entity in the
23 tier immediately below it for an uninterrupted
24 period of not less than three (3) years.

1 E. ~~The~~ For taxable years beginning before January 1, 2013, if
2 otherwise authorized by Legislative enactment, Oklahoma adjusted
3 gross income of any individual taxpayer shall be further adjusted as
4 ~~follows~~ provided in this subsection, to arrive at Oklahoma taxable
5 income:

- 6 1. a. ~~In~~ Except as provided in this subparagraph, in the
7 case of individuals, there shall be added or deducted,
8 as the case may be, the difference necessary to allow
9 personal exemptions of One Thousand Dollars
10 (\$1,000.00) in lieu of the personal exemptions allowed
11 by the Internal Revenue Code. For single individuals
12 and married individuals filing separately whose
13 Oklahoma adjusted gross income is greater than Thirty
14 Thousand Dollars (\$30,000.00) and for married
15 individuals filing jointly and surviving spouse, to
16 the extent and in the manner that a surviving spouse
17 is permitted to file a joint return under the
18 provisions of the Internal Revenue Code, and heads of
19 households as defined in the Internal Revenue Code,
20 whose Oklahoma adjusted gross income is greater than
21 Sixty Thousand Dollars (\$60,000.00), personal
22 exemptions of Five Hundred Dollars (\$500.00) shall be
23 allowed for tax year 2013 and no personal exemptions
24

1 shall be allowed for tax year 2014 and all subsequent
2 tax years.

3 b. There shall be allowed an additional exemption of One
4 Thousand Dollars (\$1,000.00) for each taxpayer or
5 spouse who is blind at the close of the tax year. For
6 purposes of this subparagraph, an individual is blind
7 only if the central visual acuity of the individual
8 does not exceed 20/200 in the better eye with
9 correcting lenses, or if the visual acuity of the
10 individual is greater than 20/200, but is accompanied
11 by a limitation in the fields of vision such that the
12 widest diameter of the visual field subtends an angle
13 no greater than twenty (20) degrees. For tax year
14 2013, an additional exemption of Five Hundred Dollars
15 (\$500.00) shall be allowed. For tax year 2014 and all
16 subsequent tax years, no additional exemption pursuant
17 to this subparagraph shall be allowed.

18 c. There shall be allowed an additional exemption of One
19 Thousand Dollars (\$1,000.00) for each taxpayer or
20 spouse who is sixty-five (65) years of age or older at
21 the close of the tax year based upon the filing status
22 and federal adjusted gross income of the taxpayer.
23 Taxpayers with the following filing status may claim
24

1 this exemption if the federal adjusted gross income
2 does not exceed:

- 3 (1) Twenty-five Thousand Dollars (\$25,000.00) if
4 married and filing jointly;
- 5 (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)
6 if married and filing separately;
- 7 (3) Fifteen Thousand Dollars (\$15,000.00) if single;
8 and
- 9 (4) Nineteen Thousand Dollars (\$19,000.00) if a
10 qualifying head of household.

11 For tax year 2013, an additional exemption of Five
12 Hundred Dollars (\$500.00) shall be allowed. For tax
13 year 2014 and all subsequent tax years, no additional
14 exemption pursuant to this subparagraph shall be
15 allowed. Provided, for taxable years beginning after
16 December 31, 1999, amounts included in the calculation
17 of federal adjusted gross income pursuant to the
18 conversion of a traditional individual retirement
19 account to a Roth individual retirement account shall
20 be excluded from federal adjusted gross income for
21 purposes of the income thresholds provided in this
22 subparagraph.

- 23 2. a. For taxable years beginning on or before December 31,
24 2005, in the case of individuals who use the standard

1 deduction in determining taxable income, there shall
2 be added or deducted, as the case may be, the
3 difference necessary to allow a standard deduction in
4 lieu of the standard deduction allowed by the Internal
5 Revenue Code, in an amount equal to the larger of
6 fifteen percent (15%) of the Oklahoma adjusted gross
7 income or One Thousand Dollars (\$1,000.00), but not to
8 exceed Two Thousand Dollars (\$2,000.00), except that
9 in the case of a married individual filing a separate
10 return such deduction shall be the larger of fifteen
11 percent (15%) of such Oklahoma adjusted gross income
12 or Five Hundred Dollars (\$500.00), but not to exceed
13 the maximum amount of One Thousand Dollars
14 (\$1,000.00),

15 b. For taxable years beginning on or after January 1,
16 2006, and before January 1, 2007, in the case of
17 individuals who use the standard deduction in
18 determining taxable income, there shall be added or
19 deducted, as the case may be, the difference necessary
20 to allow a standard deduction in lieu of the standard
21 deduction allowed by the Internal Revenue Code, in an
22 amount equal to:
23
24

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

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

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

13 (1) Five Thousand Five Hundred Dollars (\$5,500.00),
14 if the filing status is married filing joint or
15 qualifying widow; or

16 (2) Four Thousand One Hundred Twenty-five Dollars
17 (\$4,125.00) for a head of household; or

18 (3) Two Thousand Seven Hundred Fifty Dollars
19 (\$2,750.00), if the filing status is single or
20 married filing separate.

21 d. For the taxable year beginning on January 1, 2008, and
22 ending December 31, 2008, in the case of individuals
23 who use the standard deduction in determining taxable
24 income, there shall be added or deducted, as the case

1 may be, the difference necessary to allow a standard
2 deduction in lieu of the standard deduction allowed by
3 the Internal Revenue Code, in an amount equal to:

4 (1) Six Thousand Five Hundred Dollars (\$6,500.00), if
5 the filing status is married filing joint or
6 qualifying widow, or

7 (2) Four Thousand Eight Hundred Seventy-five Dollars
8 (\$4,875.00) for a head of household, or

9 (3) Three Thousand Two Hundred Fifty Dollars
10 (\$3,250.00), if the filing status is single or
11 married filing separate.

12 e. For the taxable year beginning on January 1, 2009, and
13 ending December 31, 2009, in the case of individuals
14 who use the standard deduction in determining taxable
15 income, there shall be added or deducted, as the case
16 may be, the difference necessary to allow a standard
17 deduction in lieu of the standard deduction allowed by
18 the Internal Revenue Code, in an amount equal to:

19 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),
20 if the filing status is married filing joint or
21 qualifying widow, or

22 (2) Six Thousand Three Hundred Seventy-five Dollars
23 (\$6,375.00) for a head of household, or
24

1 (3) Four Thousand Two Hundred Fifty Dollars
2 (\$4,250.00), if the filing status is single or
3 married filing separate.

4 Oklahoma adjusted gross income shall be increased by
5 any amounts paid for motor vehicle excise taxes which
6 were deducted as allowed by the Internal Revenue Code.

7 f. For taxable years beginning on or after January 1,
8 2010, in the case of individuals who use the standard
9 deduction in determining taxable income, there shall
10 be added or deducted, as the case may be, the
11 difference necessary to allow a standard deduction
12 equal to the standard deduction allowed by the
13 Internal Revenue Code of 1986, as amended, based upon
14 the amount and filing status prescribed by such Code
15 for purposes of filing federal individual income tax
16 returns.

17 3. In the case of resident and part-year resident individuals
18 having adjusted gross income from sources both within and without
19 the state, the itemized or standard deductions and personal
20 exemptions shall be reduced to an amount which is the same portion
21 of the total thereof as Oklahoma adjusted gross income is of
22 adjusted gross income. To the extent itemized deductions include
23 allowable moving expense, proration of moving expense shall not be
24 required or permitted but allowable moving expense shall be fully

1 deductible for those taxpayers moving within or into Oklahoma and no
2 part of moving expense shall be deductible for those taxpayers
3 moving without or out of Oklahoma. All other itemized or standard
4 deductions and personal exemptions shall be subject to proration as
5 provided by law.

6 4. A For tax years beginning before January 1, 2013, a resident
7 individual with a physical disability constituting a substantial
8 handicap to employment may deduct from Oklahoma adjusted gross
9 income such expenditures to modify a motor vehicle, home or
10 workplace as are necessary to compensate for his or her handicap.
11 For tax year 2013, fifty percent (50%) of such expenditures may be
12 deducted. For tax year 2014 and all subsequent tax years, no amount
13 may be deducted pursuant to this paragraph. A veteran certified by
14 the Department of Veterans Affairs of the federal government as
15 having a service-connected disability shall be conclusively presumed
16 to be an individual with a physical disability constituting a
17 substantial handicap to employment. The Tax Commission shall
18 promulgate rules containing a list of combinations of common
19 disabilities and modifications which may be presumed to qualify for
20 this deduction. The Tax Commission shall prescribe necessary
21 requirements for verification.

22 5. a. Before July 1, 2010, the first One Thousand Five
23 Hundred Dollars (\$1,500.00) received by any person
24 from the United States as salary or compensation in

1 any form, other than retirement benefits, as a member
2 of any component of the Armed Forces of the United
3 States shall be deducted from taxable income.

4 b. On or after July 1, 2010, and ending before January 1,
5 2015, one hundred percent (100%) of the income
6 received by any person from the United States as
7 salary or compensation in any form, other than
8 retirement benefits, as a member of any component of
9 the Armed Forces of the United States shall be
10 deducted from taxable income.

11 c. For the taxable year beginning on January 1, 2015, and
12 every year thereafter, if the State Board of
13 Equalization makes a determination pursuant to Section
14 2355.1D of this title that, for the purposes of this
15 paragraph, revenue collections exceed revenue
16 reductions, the one hundred percent (100%) deduction
17 provided for in subparagraph b of this paragraph may
18 be claimed.

19 d. For the taxable year beginning on January 1, 2015, and
20 every year thereafter, if the State Board of
21 Equalization makes a determination pursuant to Section
22 2355.1D of this title that, for the purposes of this
23 paragraph, revenue collections do not exceed revenue
24 reductions, a deduction of the first One Thousand Five

1 Hundred Dollars (\$1,500.00) received by any person
2 from the United States as salary or compensation in
3 any form, other than retirement benefits, as a member
4 of any component of the Armed Forces of the United
5 States shall be allowed.

6 e. Whenever the filing of a timely income tax return by a
7 member of the Armed Forces of the United States is
8 made impracticable or impossible of accomplishment by
9 reason of:

10 (1) absence from the United States, which term
11 includes only the states and the District of
12 Columbia;

13 (2) absence from the State of Oklahoma while on
14 active duty; or

15 (3) confinement in a hospital within the United
16 States for treatment of wounds, injuries or
17 disease,

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

22 (a) Such individual shall return to the United
23 States if the extension is granted pursuant
24 to subparagraph a of this paragraph, return

1 to the State of Oklahoma if the extension is
2 granted pursuant to subparagraph b of this
3 paragraph or be discharged from such
4 hospital if the extension is granted
5 pursuant to subparagraph c of this
6 paragraph; or

7 (b) An executor, administrator, or conservator
8 of the estate of the taxpayer is appointed,
9 whichever event occurs the earliest.

10 Provided, that the Tax Commission may, in its discretion, grant
11 any member of the Armed Forces of the United States an extension of
12 time for filing of income tax returns and payment of income tax
13 without incurring liabilities for interest or penalties. Such
14 extension may be granted only when in the judgment of the Tax
15 Commission a good cause exists therefor and may be for a period in
16 excess of six (6) months. A record of every such extension granted,
17 and the reason therefor, shall be kept.

18 6. Before July 1, 2010, the salary or any other form of
19 compensation, received from the United States by a member of any
20 component of the Armed Forces of the United States, shall be
21 deducted from taxable income during the time in which the person is
22 detained by the enemy in a conflict, is a prisoner of war or is
23 missing in action and not deceased; provided, after July 1, 2010,

1 all such salary or compensation shall be subject to the deduction as
2 provided pursuant to paragraph 5 of this subsection.

3 7. Notwithstanding anything in the Internal Revenue Code ~~or in~~
4 ~~the Oklahoma Income Tax Act~~ to the contrary, it is expressly
5 provided that, in the case of resident individuals, amounts received
6 as dividends or distributions of earnings from savings and loan
7 associations or credit unions located in Oklahoma, and interest
8 received on savings accounts and time deposits from such sources or
9 from state and national banks or trust companies located in
10 Oklahoma, shall qualify as dividends for the purpose of the dividend
11 exclusion, and taxable income shall be adjusted accordingly to
12 arrive at Oklahoma taxable income; provided, however, that the
13 dividend, distribution of earnings and/or interest exclusion
14 provided for hereinabove shall not be cumulative to the maximum
15 dividend exclusion allowed by the Internal Revenue Code. Any
16 dividend exclusion already allowed by the Internal Revenue Code and
17 reflected in the taxpayer's Oklahoma taxable income together with
18 exclusion allowed herein shall not exceed the total of One Hundred
19 Dollars (\$100.00) per individual or Two Hundred Dollars (\$200.00)
20 per couple filing a joint return for tax years before January 1,
21 2013. For tax year 2013, the amount shall not exceed the total of
22 Fifty Dollars (\$50.00) per individual or One Hundred Dollars
23 (\$100.00) per couple filing a joint return. For tax year 2014 and
24 all subsequent tax years, no amount shall qualify as dividends for

1 the purpose of the dividend exclusion and no adjustment shall be
2 made to taxable income.

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

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

16 c. For the purpose of this paragraph, "federal income
17 taxes paid" shall mean federal income taxes, surtaxes
18 imposed on incomes or excess profits taxes, as though
19 the taxpayer was on the accrual basis. In determining
20 the amount of deduction for federal income taxes for
21 tax year 2001, the amount of the deduction shall not
22 be adjusted by the amount of any accelerated ten
23 percent (10%) tax rate bracket credit or advanced
24 refund of the credit received during the tax year

1 provided pursuant to the federal Economic Growth and
2 Tax Relief Reconciliation Act of 2001, P.L. No. 107-
3 16, and the advanced refund of such credit shall not
4 be subject to taxation.

5 d. The provisions of this paragraph shall apply to all
6 taxable years ending after December 31, 1978, and
7 beginning before January 1, 2006.

8 9. Retirement benefits not to exceed Five Thousand Five Hundred
9 Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five
10 Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand
11 Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax
12 years, which are received by an individual from the civil service of
13 the United States, the Oklahoma Public Employees Retirement System,
14 the Teachers' Retirement System of Oklahoma, the Oklahoma Law
15 Enforcement Retirement System, the Oklahoma Firefighters Pension and
16 Retirement System, the Oklahoma Police Pension and Retirement
17 System, the employee retirement systems created by counties pursuant
18 to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the
19 Uniform Retirement System for Justices and Judges, the Oklahoma
20 Wildlife Conservation Department Retirement Fund, the Oklahoma
21 Employment Security Commission Retirement Plan, or the employee
22 retirement systems created by municipalities pursuant to Section 48-
23 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt
24 from taxable income.

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

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

20 12. In taxable years beginning after December 31, 1995,
21 contributions made to and interest received from a medical savings
22 account established pursuant to ~~Sections 2621 through 2623 of Title~~
23 ~~63 of the Oklahoma Statutes~~ the Medical Savings Account Act shall be
24 exempt from taxable income.

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

13 14. a. In taxable years beginning after December 31, 2002,
14 except as provided in subparagraph b of this
15 paragraph, nonrecurring adoption expenses paid by a
16 resident individual taxpayer in connection with:

- 17 (1) the adoption of a minor, or
18 (2) a proposed adoption of a minor which did not
19 result in a decreed adoption,
20 may be deducted from the Oklahoma adjusted gross
21 income.

22 b. The deductions for adoptions and proposed adoptions
23 authorized by this paragraph shall not exceed Twenty
24 Thousand Dollars (\$20,000.00) per calendar year for

1 taxable years ending before January 1, 2013. For the
2 taxable year beginning on January 1, 2013, the
3 deduction authorized by this paragraph shall not
4 exceed Ten Thousand Dollars (\$10,000). For the
5 taxable year beginning on January 1, 2014, and all
6 subsequent taxable years, no deduction shall be
7 authorized pursuant to this paragraph.

8 c. The Tax Commission shall promulgate rules to implement
9 the provisions of this paragraph which shall contain a
10 specific list of nonrecurring adoption expenses which
11 may be presumed to qualify for the deduction. The Tax
12 Commission shall prescribe necessary requirements for
13 verification.

14 d. "Nonrecurring adoption expenses" means adoption fees,
15 court costs, medical expenses, attorney fees and
16 expenses which are directly related to the legal
17 process of adoption of a child including, but not
18 limited to, costs relating to the adoption study,
19 health and psychological examinations, transportation
20 and reasonable costs of lodging and food for the child
21 or adoptive parents which are incurred to complete the
22 adoption process and are not reimbursed by other
23 sources. The term "nonrecurring adoption expenses"
24 shall not include attorney fees incurred for the

1 purpose of litigating a contested adoption, from and
2 after the point of the initiation of the contest,
3 costs associated with physical remodeling, renovation
4 and alteration of the adoptive parents' home or
5 property, except for a special needs child as
6 authorized by the court.

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

- 1 (1) in taxable years beginning after December 31,
2 2004, and prior to January 1, 2007, the
3 qualifying amount shall be Thirty-seven Thousand
4 Five Hundred Dollars (\$37,500.00) or less if the
5 filing status is single, head of household, or
6 married filing separate, or Seventy-Five Thousand
7 Dollars (\$75,000.00) or less if the filing status
8 is married filing jointly or qualifying widow,
- 9 (2) in the taxable year beginning January 1, 2007,
10 the qualifying amount shall be Fifty Thousand
11 Dollars (\$50,000.00) or less if the filing status
12 is single, head of household, or married filing
13 separate, or One Hundred Thousand Dollars
14 (\$100,000.00) or less if the filing status is
15 married filing jointly or qualifying widow,
- 16 (3) in the taxable year beginning January 1, 2008,
17 the qualifying amount shall be Sixty-two Thousand
18 Five Hundred Dollars (\$62,500.00) or less if the
19 filing status is single, head of household, or
20 married filing separate, or One Hundred Twenty-
21 five Thousand Dollars (\$125,000.00) or less if
22 the filing status is married filing jointly or
23 qualifying widow,
24

1 (4) in the taxable year beginning January 1, 2009,
2 the qualifying amount shall be One Hundred
3 Thousand Dollars (\$100,000.00) or less if the
4 filing status is single, head of household, or
5 married filing separate, or Two Hundred Thousand
6 Dollars (\$200,000.00) or less if the filing
7 status is married filing jointly or qualifying
8 widow, and

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

12 c. For purposes of this paragraph, "retirement benefits"
13 means the total distributions or withdrawals from the
14 following:

15 (1) an employee pension benefit plan which satisfies
16 the requirements of Section 401 of the Internal
17 Revenue Code, 26 U.S.C., Section 401,

18 (2) an eligible deferred compensation plan that
19 satisfies the requirements of Section 457 of the
20 Internal Revenue Code, 26 U.S.C., Section 457,

21 (3) an individual retirement account, annuity or
22 trust or simplified employee pension that
23 satisfies the requirements of Section 408 of the
24 Internal Revenue Code, 26 U.S.C., Section 408,

- 1 (4) an employee annuity subject to the provisions of
2 Section 403(a) or (b) of the Internal Revenue
3 Code, 26 U.S.C., Section 403(a) or (b),
4 (5) United States Retirement Bonds which satisfy the
5 requirements of Section 86 of the Internal
6 Revenue Code, 26 U.S.C., Section 86, or
7 (6) lump-sum distributions from a retirement plan
8 which satisfies the requirements of Section
9 402(e) of the Internal Revenue Code, 26 U.S.C.,
10 Section 402(e).

11 d. The amount of the exemption provided by this paragraph
12 shall be limited to Five Thousand Five Hundred Dollars
13 (\$5,500.00) for the 2004 tax year, Seven Thousand Five
14 Hundred Dollars (\$7,500.00) for the 2005 tax year and
15 Ten Thousand Dollars (\$10,000.00) for the tax year
16 2006 and for all subsequent tax years. Any individual
17 who claims the exemption provided for in paragraph 9
18 of this subsection shall not be permitted to claim a
19 combined total exemption pursuant to this paragraph
20 and paragraph 9 of this subsection in an amount
21 exceeding Five Thousand Five Hundred Dollars
22 (\$5,500.00) for the 2004 tax year, Seven Thousand Five
23 Hundred Dollars (\$7,500.00) for the 2005 tax year and
24

1 Ten Thousand Dollars (\$10,000.00) for the 2006 tax
2 year and all subsequent tax years.

3 16. In taxable years beginning after December 31, 1999, for an
4 individual engaged in production agriculture who has filed a
5 Schedule F form with the taxpayer's federal income tax return for
6 such taxable year, there shall be excluded from taxable income any
7 amount which was included as federal taxable income or federal
8 adjusted gross income and which consists of the discharge of an
9 obligation by a creditor of the taxpayer incurred to finance the
10 production of agricultural products.

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

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

1 b. In taxable years beginning after December 31, 2004,
2 subject to the limitations provided in subparagraph g
3 of this paragraph, each taxpayer shall be allowed a
4 deduction for contributions to accounts established
5 pursuant to the Oklahoma College Savings Plan Act.
6 The maximum annual deduction shall equal the amount of
7 contributions to all such accounts plus any
8 contributions to such accounts by the taxpayer for
9 prior taxable years after December 31, 2004, which
10 were not deducted, but in no event shall the deduction
11 for each tax year exceed Ten Thousand Dollars
12 (\$10,000.00) for each individual taxpayer or Twenty
13 Thousand Dollars (\$20,000.00) for taxpayers filing a
14 joint return. Any amount of a contribution that is
15 not deducted by the taxpayer in the year for which the
16 contribution is made may be carried forward as a
17 deduction from income for the succeeding five (5)
18 years. For taxable years beginning after December 31,
19 2005, deductions may be taken for contributions and
20 rollovers made during a taxable year and up to April
21 15 of the succeeding year, or the due date of a
22 taxpayer's state income tax return, excluding
23 extensions, whichever is later. Provided, a deduction
24

1 for the same contribution may not be taken for two (2)
2 different taxable years.

3 c. In taxable years beginning after December 31, 2006,
4 deductions for contributions made pursuant to
5 subparagraph b of this paragraph shall be limited as
6 follows:

7 (1) for a taxpayer who qualified for the five-year
8 carryforward election and who takes a rollover or
9 nonqualified withdrawal during that period, the
10 tax deduction otherwise available pursuant to
11 subparagraph b of this paragraph shall be reduced
12 by the amount which is equal to the rollover or
13 nonqualified withdrawal, and

14 (2) for a taxpayer who elects to take a rollover or
15 nonqualified withdrawal within the same tax year
16 in which a contribution was made to the
17 taxpayer's account, the tax deduction otherwise
18 available pursuant to subparagraph b of this
19 paragraph shall be reduced by the amount of the
20 contribution which is equal to the rollover or
21 nonqualified withdrawal.

22 d. If a taxpayer elects to take a rollover on a
23 contribution for which a deduction has been taken
24 pursuant to subparagraph b of this paragraph within

1 one year of the date of contribution, the amount of
2 such rollover shall be included in the adjusted gross
3 income of the taxpayer in the taxable year of the
4 rollover.

5 e. If a taxpayer makes a nonqualified withdrawal of
6 contributions for which a deduction was taken pursuant
7 to subparagraph b of this paragraph, such nonqualified
8 withdrawal and any earnings thereon shall be included
9 in the adjusted gross income of the taxpayer in the
10 taxable year of the nonqualified withdrawal.

11 f. As used in this paragraph:

12 (1) "non-qualified withdrawal" means a withdrawal
13 from an Oklahoma College Savings Plan account
14 other than one of the following:

15 (a) a qualified withdrawal,

16 (b) a withdrawal made as a result of the death
17 or disability of the designated beneficiary
18 of an account,

19 (c) a withdrawal that is made on the account of
20 a scholarship or the allowance or payment
21 described in Section 135(d)(1)(B) or (C) or
22 by the Internal Revenue Code, received by
23 the designated beneficiary to the extent the
24 amount of the refund does not exceed the

1 amount of the scholarship, allowance, or
2 payment, or

3 (d) a rollover or change of designated
4 beneficiary as permitted by subsection F of
5 Section 3970.7 of Title 70 of Oklahoma
6 Statutes, and

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

10 g. Notwithstanding the provisions of this paragraph,
11 any deductions which would have been allowed for
12 contributions made pursuant to this paragraph for
13 tax year 2013 shall be limited to Five Thousand
14 Dollars (\$5,000.00) for each individual taxpayer
15 or Ten Thousand Dollars (\$10,000.00) for
16 taxpayers filing a joint return. For tax year
17 2014 and all subsequent tax years, no deduction
18 shall be allowed pursuant to this paragraph.

19 19. For taxable years beginning after December 31, 2005,
20 retirement benefits received by an individual from any component of
21 the Armed Forces of the United States in an amount not to exceed the
22 greater of seventy-five percent (75%) of such benefits or Ten
23 Thousand Dollars (\$10,000.00) shall be exempt from taxable income
24

1 but in no case less than the amount of the exemption provided by
2 paragraph 15 of this subsection.

3 20. For taxable years beginning after December 31, 2006,
4 retirement benefits received by federal civil service retirees,
5 including survivor annuities, paid in lieu of Social Security
6 benefits shall be exempt from taxable income to the extent such
7 benefits are included in the federal adjusted gross income pursuant
8 to the provisions of Section 86 of the Internal Revenue Code, 26
9 U.S.C., Section 86, according to the following schedule:

- 10 a. in the taxable year beginning January 1, 2007, twenty
11 percent (20%) of such benefits shall be exempt,
- 12 b. in the taxable year beginning January 1, 2008, forty
13 percent (40%) of such benefits shall be exempt,
- 14 c. in the taxable year beginning January 1, 2009, sixty
15 percent (60%) of such benefits shall be exempt,
- 16 d. in the taxable year beginning January 1, 2010, eighty
17 percent (80%) of such benefits shall be exempt, and
- 18 e. in the taxable year beginning January 1, 2011, and
19 subsequent taxable years, one hundred percent (100%)
20 of such benefits shall be exempt.

21 21. a. For taxable years beginning after December 31, 2007, a
22 resident individual may deduct up to Ten Thousand
23 Dollars (\$10,000.00) from Oklahoma adjusted gross
24 income if the individual, or the dependent of the

1 individual, while living, donates one or more human
2 organs of the individual to another human being for
3 human organ transplantation. As used in this
4 paragraph, "human organ" means all or part of a liver,
5 pancreas, kidney, intestine, lung, or bone marrow. A
6 deduction that is claimed under this paragraph may be
7 claimed in the taxable year in which the human organ
8 transplantation occurs.

9 b. An individual may claim this deduction only once, and
10 the deduction may be claimed only for unreimbursed
11 expenses that are incurred by the individual and
12 related to the organ donation of the individual.

13 c. The Oklahoma Tax Commission shall promulgate rules to
14 implement the provisions of this paragraph which shall
15 contain a specific list of expenses which may be
16 presumed to qualify for the deduction. The Tax
17 Commission shall prescribe necessary requirements for
18 verification.

19 22. For taxable years beginning after December 31, 2009, there
20 shall be exempt from taxable income any amount received by the
21 beneficiary of the death benefit for an emergency medical technician
22 or a registered emergency medical responder provided by Section 1-
23 2505.1 of Title 63 of the Oklahoma Statutes.

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

5 24. For taxable years beginning after December 31, 2008, there
6 shall be exempt from taxable income any payment in an amount less
7 than Six Hundred Dollars (\$600.00) received by a person as an award
8 for participation in a competitive livestock show event. For
9 purposes of this paragraph, the payment shall be treated as a
10 scholarship amount paid by the entity sponsoring the event and the
11 sponsoring entity shall cause the payment to be categorized as a
12 scholarship in its books and records.

13 25. For the taxable year beginning after December 31, 2012,
14 taxable income shall be increased by fifty percent (50%) of any
15 amount of state and local taxes deducted under Section 164 of the
16 Internal Revenue Code, 26 U.S.C., Section 164. For all taxable
17 years beginning after December 31, 2013, taxable income shall be
18 increased by any amount of state and local taxes deducted under
19 Section 164 of the Internal Revenue Code, 26 U.S.C., Section 164.

20 F. 1. For taxable years beginning after December 31, 2004, a
21 deduction from the Oklahoma adjusted gross income of any individual
22 taxpayer shall be allowed for qualifying gains receiving capital
23 treatment that are included in the federal adjusted gross income of
24 such individual taxpayer during the taxable year.

1 2. As used in this subsection:

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

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

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

22 (3) the sale of real property, tangible personal
23 property or intangible personal property located
24 within Oklahoma as part of the sale of all or

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

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

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

23 d. "direct" means the individual taxpayer directly owns
24 the asset,

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

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

18 (2) With respect to sales of stock or ownership
19 interest in or sales of all or substantially all
20 of the assets of an Oklahoma company, limited
21 liability company, partnership or Oklahoma
22 proprietorship business enterprise, the deduction
23 described in this subsection shall not apply
24 unless the pass-through entity that makes the

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

14 f. "Oklahoma proprietorship business enterprise" means a
15 business enterprise whose income and expenses have
16 been reported on Schedule C or F of an individual
17 taxpayer's federal income tax return, or any similar
18 successor schedule published by the Internal Revenue
19 Service and whose primary headquarters have been
20 located in Oklahoma for at least three (3)
21 uninterrupted years prior to the date of the
22 transaction from which the net capital gains arise.

23 G. 1. For purposes of computing its Oklahoma taxable income
24 under this section, the dividends-paid deduction otherwise allowed

1 by federal law in computing net income of a real estate investment
2 trust that is subject to federal income tax shall be added back in
3 computing the tax imposed by this state under this title if the real
4 estate investment trust is a captive real estate investment trust.

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

10 a. the term "real estate investment trust" or "REIT"
11 means the meaning ascribed to such term in Section 856
12 of the Internal Revenue Code of 1986, as amended,

13 b. the term "captive real estate investment trust" means
14 a real estate investment trust, the shares or
15 beneficial interests of which are not regularly traded
16 on an established securities market and more than
17 fifty percent (50%) of the voting power or value of
18 the beneficial interests or shares of which are owned
19 or controlled, directly or indirectly, or
20 constructively, by a single entity that is:

21 (1) treated as an association taxable as a
22 corporation under the Internal Revenue Code of
23 1986, as amended, and

24

1 (2) not exempt from federal income tax pursuant to
2 the provisions of Section 501(a) of the Internal
3 Revenue Code of 1986, as amended.

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

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

12 (1) any real estate investment trust as defined in
13 paragraph a of this subsection other than a
14 "captive real estate investment trust", or

15 (2) any qualified real estate investment trust
16 subsidiary under Section 856(i) of the Internal
17 Revenue Code of 1986, as amended, other than a
18 qualified REIT subsidiary of a "captive real
19 estate investment trust", or

20 (3) any Listed Australian Property Trust (meaning an
21 Australian unit trust registered as a "Managed
22 Investment Scheme" under the Australian
23 Corporations Act in which the principal class of
24 units is listed on a recognized stock exchange in

1 Australia and is regularly traded on an
2 established securities market), or an entity
3 organized as a trust, provided that a Listed
4 Australian Property Trust owns or controls,
5 directly or indirectly, seventy-five percent
6 (75%) or more of the voting power or value of the
7 beneficial interests or shares of such trust, or
8 (4) any Qualified Foreign Entity, meaning a
9 corporation, trust, association or partnership
10 organized outside the laws of the United States
11 and which satisfies the following criteria:
12 (a) at least seventy-five percent (75%) of the
13 entity's total asset value at the close of
14 its taxable year is represented by real
15 estate assets, as defined in Section
16 856(c) (5) (B) of the Internal Revenue Code of
17 1986, as amended, thereby including shares
18 or certificates of beneficial interest in
19 any real estate investment trust, cash and
20 cash equivalents, and U.S. Government
21 securities,
22 (b) the entity receives a dividend-paid
23 deduction comparable to Section 561 of the
24

1 Internal Revenue Code of 1986, as amended,
2 or is exempt from entity level tax,

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

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

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

18 3. For purposes of this subsection, the constructive ownership
19 rules of Section 318(a) of the Internal Revenue Code of 1986, as
20 amended, as modified by Section 856(d) (5) of the Internal Revenue
21 Code of 1986, as amended, shall apply in determining the ownership
22 of stock, assets, or net profits of any person.

23 4. A real estate investment trust that does not become
24 regularly traded on an established securities market within one (1)

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

13 SECTION 27. AMENDATORY 68 O.S. 2011, Section 2358.3, is
14 amended to read as follows:

15 Section 2358.3. A person who contributes money to a political
16 party or to a candidate or candidate committee shall be entitled to
17 deduct the amount contributed, not to exceed One Hundred Dollars
18 (\$100.00) in any one tax year for tax years beginning before January
19 1, 2013, from the person's adjusted gross income in the computation
20 of Oklahoma income tax. For tax year 2013, the deduction shall be
21 limited to Fifty Dollars (\$50.00). For tax year 2014 and all
22 subsequent tax years, no deduction shall be allowed pursuant to this
23 section.

24

1 SECTION 28. AMENDATORY 68 O.S. 2011, Section 2358.7, is
2 amended to read as follows:

3 Section 2358.7. A. For taxable years beginning after December
4 31, 2004, and ending before January 1, 2014, there shall be allowed
5 as a credit against the tax imposed pursuant to Section 2355 of
6 ~~Title 68 of the Oklahoma Statutes~~ this title in an amount equal to:

7 1. Two Hundred Dollars (\$200.00) each year through tax year
8 2012 and One Hundred Dollars (\$100.00) for the tax year 2013 for
9 which a volunteer firefighter provides proof of certification as
10 required by subsection B of this section; and

11 2. Four Hundred Dollars (\$400.00) each year through tax year
12 2012 and Two Hundred Dollars (\$200.00) for the tax year 2013

13 following the taxable years for which a taxpayer is eligible for the
14 credit provided by paragraph 1 of this subsection for a volunteer
15 firefighter providing proof of certification as required by
16 subsection D of this section. For tax year 2014 and all subsequent
17 tax years, no credit shall be allowed pursuant to this section.

18 B. In order to claim the tax credit authorized by paragraph 1
19 of subsection A of this section, a volunteer firefighter shall be
20 required to provide adequate documentation to the Oklahoma Tax
21 Commission of at least twelve (12) credited hours toward the
22 Volunteer Firefighter Practices program offered by Oklahoma State
23 University Fire Service Training prior to or during the first
24

1 taxable year for which a tax credit is claimed pursuant to paragraph
2 1 of subsection A of this section.

3 C. For each year subsequent to the first year for which a
4 volunteer firefighter may claim the tax credit authorized by
5 paragraph 1 of subsection A of this section, in order to claim any
6 further tax credits pursuant to paragraph 1 of subsection A of this
7 section, the volunteer firefighter shall be required to provide
8 documentation that the firefighter has completed an additional six
9 (6) hours of Fire Service Training Volunteer Firefighter Practices
10 program until such program or its equivalent is completed. For
11 purposes of this subsection, equivalency shall be determined by
12 Oklahoma State University Fire Service Training. For purposes of
13 this subsection, Firefighter I, Firefighter II or Firefighter III
14 certifications or their equivalents may be provided in lieu of the
15 Volunteer Firefighter Practices certification.

16 D. After having completed at least thirty (30) hours of
17 instruction and having completed the Volunteer Firefighter Practices
18 program, in order to be eligible for the tax credit authorized by
19 paragraph 2 of subsection A of this section, the volunteer
20 firefighter shall:

21 1. Attend and receive certification for annual chemical,
22 biological, radiological and nuclear (CBRN) response training and
23 weapons of mass destruction (WMD) training of at least one (1) hour
24 per subject, respectively;

1 2. Complete at least six (6) hours of continuing education each
2 year until the volunteer firefighter completes a certification as
3 Firefighter I or its equivalent. For purposes of this paragraph,
4 equivalency shall be determined by Oklahoma State University Fire
5 Service Training;

6 3. Provide documentation from the fire chief of the applicable
7 department that the firefighter has been provided and participated
8 in all annual training as required by federal and state authorities
9 including, but not limited to, annual fit testing for breathing
10 apparatus, "right-to-know" laws, Homeland Defense, CBRN, WMD or
11 other applicable requirements; and

12 4. Provide documentation from the fire chief of the applicable
13 department that the volunteer firefighter has met the requirements
14 under the fire department's constitution and bylaws and is a member
15 in good standing of the department together with a record of the
16 total number of years of service in good standing with such
17 department.

18 E. In order to assist the Oklahoma Tax Commission with the
19 administration of the tax credits authorized by this section, the
20 Oklahoma State University Fire Service Training program shall
21 provide to all fire departments a uniform document that indicates
22 the annual training hours and continuing education training hours
23 completed by each volunteer firefighter through the Fire Service
24 Training program.

1 F. The Office of the State Fire Marshal shall prescribe a
2 reporting form for use by volunteer fire departments and by
3 volunteer firefighters in order to provide the certifications
4 required by this section.

5 G. The ~~Oklahoma~~ Tax Commission may require copies of such
6 documentation provided by Oklahoma State University Fire Service
7 Training program or the Office of the State Fire Marshal regarding
8 training history to verify eligibility for the tax credits provided
9 by this section.

10 SECTION 29. AMENDATORY 68 O.S. 2011, Section 2370, is
11 amended to read as follows:

12 Section 2370. A. For taxable years beginning after December
13 31, 1989, for the privilege of doing business within this state,
14 every state banking association, national banking association and
15 credit union organized under the laws of this state, located or
16 doing business within the limits of the State of Oklahoma shall
17 annually pay to this state a privilege tax at the rate of six
18 percent (6%) of the amount of the taxable income as provided in this
19 section.

20 B. 1. The privilege tax levied by this section shall be in
21 addition to the Business Activity Tax levied in Section 1218 of this
22 title and the franchise tax levied in Article 12 of this title and
23 in lieu of the tax levied by Section 2355 of this title and in lieu
24 of all taxes levied by the State of Oklahoma, or any subdivision

1 thereof, upon the shares of stock or personal property of any
2 banking association or credit union subject to taxation under this
3 section.

4 2. Nothing in this section shall be construed to exempt the
5 real property of any banking associations or credit unions from
6 taxation to the same extent, according to its value, as other real
7 property is taxed. Nothing herein shall be construed to exempt an
8 association from payment of any fee or tax authorized or levied
9 pursuant to the banking laws.

10 3. Personal property which is subject to a lease agreement
11 between a bank or credit union, as lessor, and a nonbanking business
12 entity or individual, as lessee, is not exempt from personal
13 property ad valorem taxation. Provided further, that it shall be
14 the duty of the lessee of such personal property to return sworn
15 lists or schedules of their taxable property within each county to
16 the county assessor of such county as provided in Sections 2433 and
17 2434 of this title.

18 C. Any tax levied under this section shall accrue on the last
19 day of the taxable year and be payable as provided in Section 2375
20 of this title. The accrual of such tax for the first taxable year
21 to which this act applies, shall apply notwithstanding the prior
22 accrual of a tax in the same taxable year based upon the net income
23 of the next preceding taxable year; provided, however, any
24 additional deduction enuring to the benefit of the taxpayer shall be

1 deducted in accordance with the optional transitional deduction
2 procedures in Section 2354 of this title.

3 D. The basis of the tax shall be United States taxable income
4 as defined in paragraph 10 of Section 2353 of this title and any
5 adjustments thereto under the provisions of Section 2358 of this
6 title with the following adjustments:

7 1. There shall be deducted all interest income on obligations
8 of the United States government and agencies thereof not otherwise
9 exempted and all interest income on obligations of the State of
10 Oklahoma or political subdivisions thereof, including public trust
11 authorities, not otherwise exempted under the laws of this state;
12 and

13 2. Expense deductions claimed in arriving at taxable income
14 under paragraph 10 of Section 2353 of this title shall be reduced by
15 an amount equal to fifty percent (50%) of excluded interest income
16 on obligations of the United States government or agencies thereof
17 and obligations of the State of Oklahoma or political subdivisions
18 thereof.

19 E. 1. Except as otherwise provided in paragraph 2 of this
20 subsection, there shall be allowed a credit against the tax levied
21 in subsection A of this section in an amount equal to the amount of
22 taxable income received by a participating financial institution as
23 defined in Section 90.2 of Title 62 of the Oklahoma Statutes
24 pursuant to a loan made under the Rural Economic Development Loan

1 Act. Such credit shall be limited each year to five percent (5%) of
2 the amount of annual payroll certified by the Oklahoma Rural
3 Economic Development Loan Program Review Board pursuant to the
4 provisions of paragraph 3 of subsection B of Section 90.4 of Title
5 62 of the Oklahoma Statutes with respect to the loan made by the
6 participating financial institution and may be claimed for any
7 number of years necessary until the amount of total credits claimed
8 is equal to the total amount of taxable income received by the
9 participating financial institution pursuant to the loan. Any
10 credit allowed but not used in a taxable year may be carried forward
11 for a period not to exceed five (5) taxable years. In no event
12 shall a credit allowed pursuant to the provisions of this subsection
13 be transferable or refundable.

14 2. No credit otherwise authorized by the provisions of this
15 subsection may be claimed for any event, transaction, investment,
16 expenditure or other act occurring on or after July 1, 2010 ~~for~~
17 ~~which the credit would otherwise be allowable. The provisions of~~
18 ~~this paragraph shall cease to be operative on July 1, 2012.~~
19 ~~Beginning July 1, 2012, the credit authorized by this subsection may~~
20 ~~be claimed for any event, transaction, investment, expenditure or~~
21 ~~other act occurring on or after July 1, 2012, according to the~~
22 provisions of this subsection through June 30, 2012. Total credits
23 allowed for any event, transaction, investment, expenditure or other
24 act pursuant to this section for the time period beginning on July

1 1, 2012, through December 31, 2013, shall be limited to fifty
2 percent (50%) of the total amount of accrued credit. For tax year
3 2014 and all subsequent tax years, no credit shall be allowed for
4 any event, transaction, investment, expenditure or other act
5 pursuant to this section.

6 SECTION 30. AMENDATORY 68 O.S. 2011, Section 2370.3, is
7 amended to read as follows:

8 Section 2370.3. A. There shall be allowed a credit against the
9 tax imposed by Section 2370 of ~~Title 68 of the Oklahoma Statutes~~
10 this title for any state banking association, national banking
11 association, or credit union domiciled in this state for the amount
12 of the origination fee paid by the banking association or credit
13 union to the United States Department of Education pursuant to the
14 "Stafford" loan guaranty program for an Oklahoma resident.

15 B. Except as provided in subsection F of this section, the
16 credit authorized by this section may be claimed for origination
17 fees paid on or after July 1, 2007.

18 C. No credit may be claimed pursuant to this section if,
19 pursuant to the agreement between the banking association or credit
20 union and the student to which proceeds are made available, the
21 banking association or credit union adds the amount of the U.S.
22 Department of Education origination fee to the amount financed by
23 the borrower or in any other way recovers the origination fee amount
24 from the borrower.

1 D. The credit authorized by this section may be claimed, and if
2 not fully used in the initial year for which the credit is claimed,
3 may be carried over, in order, to each of the five (5) succeeding
4 taxable years. The credit authorized by this section may not be
5 used to reduce the tax liability of the credit claimant below zero
6 (0).

7 E. The Oklahoma Tax Commission shall prepare a report regarding
8 the amount of tax credits claimed as authorized by this section.
9 The report shall be submitted to the Speaker of the House of
10 Representatives and to the President Pro Tempore of the Senate not
11 later than March 31 of each year.

12 F. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2010, ~~for~~
15 ~~which the credit would otherwise be allowable. The provisions of~~
16 ~~this subsection shall cease to be operative on July 1, 2012.~~
17 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
18 ~~claimed for any event, transaction, investment, expenditure or other~~
19 ~~act occurring on or after July 1, 2012, according to the provisions~~
20 ~~of this section through June 30, 2012. Total credits allowed for~~
21 any event, transaction, investment, expenditure or other act
22 pursuant to this section for the time period beginning on July 1,
23 2012, through December 31, 2013, shall be limited to fifty percent
24 (50%) of the total amount of accrued credit. For tax year 2014 and

1 all subsequent tax years, no credit shall be allowed for any event,
2 transaction, investment, expenditure or other act pursuant to this
3 section.

4 SECTION 31. AMENDATORY 68 O.S. 2011, Section 2906, is
5 amended to read as follows:

6 Section 2906. ~~Any~~ Before January 1, 2014, any person sixty-five
7 (65) years of age or older or any totally disabled person, who is
8 the head of a household, a resident of and domiciled in this state
9 during the entire preceding calendar year, and whose gross household
10 income for such year does not exceed Twelve Thousand Dollars
11 (\$12,000.00) may file a claim for property tax relief on the amount
12 of property taxes paid on the household occupied by such person
13 during the preceding calendar year. Each head of household shall be
14 allowed to file only one claim per year.

15 SECTION 32. AMENDATORY 68 O.S. 2011, Section 2907, is
16 amended to read as follows:

17 Section 2907. A. The amount of any claim filed pursuant to
18 ~~Section 108 of this act~~ 2908 of this title for tax years ending
19 before January 1, 2013, shall be for the amount of the property
20 taxes paid by the claimant for the preceding calendar year which
21 exceeds one percent (1%) of the household income, but no claim for
22 property tax relief shall exceed Two Hundred Dollars (\$200.00). For
23 any claim filed for tax year 2013, no claim shall exceed (\$100.00).
24

1 B. The right to file a claim and to receive property tax relief
2 under the provisions of this act shall be personal to the claimant
3 and shall not survive his or her death, except that a surviving
4 spouse of the claimant may receive benefits hereunder upon the
5 timely filing of a claim.

6 SECTION 33. AMENDATORY 68 O.S. 2011, Section 3624, is
7 amended to read as follows:

8 Section 3624. A. There is hereby created the Oklahoma Film
9 Enhancement Rebate Program. A rebate in the amount of up to
10 seventeen percent (17%) of documented expenditures made in Oklahoma
11 directly attributable to the production of a film, television
12 production, or television commercial, as defined in Section 3623 of
13 this title, in this state, may be paid to the production company
14 responsible for the production. Provided, for documented
15 expenditures made after:

16 1. On or after July 1, 2009, and before January 1, 2013, the
17 rebate amount shall be thirty-five percent (35%), except as provided
18 in subsection B of this section;

19 2. From January 1, 2013, through December 31, 2013, the rebate
20 amount shall be seventeen and one-half percent (17.5%), except as
21 provided in subsection B of this section; and

22 3. On and after January 1, 2014, no rebate may be paid pursuant
23 to this section.

24

1 B. 1. The amount of rebate paid to the production company as
2 provided for in subsection A of this section shall be increased by
3 an additional two percent (2%) of documented expenditures if a
4 production company spends at least Twenty Thousand Dollars
5 (\$20,000.00) for the use of music created by an Oklahoma resident
6 that is recorded in Oklahoma or for the cost of recording songs or
7 music in Oklahoma for use in the production.

8 C. The rebate program shall be administered by the Office of
9 the Oklahoma Film and Music Commission and the Oklahoma Tax
10 Commission, as provided in the Compete with Canada Film Act.

11 D. To be eligible for a rebate payment:

12 1. The production company responsible for a film, television
13 production, or television commercial, as defined in Section 3623 of
14 this title, made in this state shall submit documentation to the
15 Office of the Oklahoma Film and Music Commission of the amount of
16 wages paid for employment in this state to residents of this state
17 directly relating to the production and the amount of other
18 production costs incurred in this state directly relating to the
19 production;

20 2. The production company has filed or will file any Oklahoma
21 tax return or tax document which may be required by law;

22 3. Except major studio productions, the production company
23 shall provide the name of the completion guarantor and a copy of the
24 bond guaranteeing the completion of the project or if a film has not

1 secured a completion bond, the production company shall provide
2 evidence that all Oklahoma crew and local vendors have been paid and
3 there are no liens against the production company pending in the
4 state;

5 4. The minimum budget for the film shall be Fifty Thousand
6 Dollars (\$50,000.00) of which not less than Twenty-five Thousand
7 Dollars (\$25,000.00) shall be expended in this state;

8 5. The production company shall provide evidence of financing
9 for production prior to the commencement of principal photography;
10 and

11 6. The production company shall provide evidence of a
12 certificate of general liability insurance with a minimum coverage
13 of One Million Dollars (\$1,000,000.00) and a workers' compensation
14 policy pursuant to state law, which shall include coverage of
15 employer's liability.

16 E. A production company shall not be eligible to receive both a
17 rebate payment pursuant to the provisions of ~~this act~~ the Compete
18 with Canada Film Act and an exemption from sales taxes pursuant to
19 the provisions of paragraph 21 of Section 1357 of this title. If a
20 production company has received such an exemption from sales taxes
21 and submits a claim for rebate pursuant to the provisions of the
22 Compete with Canada Film Act, the company shall be required to fully
23 repay the amount of the exemption to the Tax Commission. A claim
24 for a rebate shall include documentation from the Tax Commission

1 that repayment has been made as required herein or shall include an
2 affidavit from the production company that the company has not
3 received an exemption from sales taxes pursuant to the provisions of
4 paragraph 21 of Section 1357 of this title.

5 F. The Office shall approve or disapprove all claims for rebate
6 and shall notify the Tax Commission. The Tax Commission shall, upon
7 notification of approval from the Office of the Film and Music
8 Commission, issue payment for all approved claims from funds in the
9 Oklahoma Film Enhancement Rebate Program Revolving Fund created in
10 Section 3625 of this title. Provided, no claims for rebate for
11 expenditures made on or after July 1, 2009, shall be paid prior to
12 July 1, 2010. The amount of payments in any single fiscal year
13 shall not exceed Five Million Dollars (\$5,000,000.00). If the
14 amount of approved claims exceeds the amount specified in this
15 subsection in a fiscal year, payments shall be made in the order in
16 which the claims are approved by the Office. If an approved claim
17 is not paid in whole or in part, the unpaid claim or unpaid portion
18 may be paid in the following fiscal year subject to the limitations
19 specified in this subsection.

20 SECTION 34. AMENDATORY 68 O.S. 2011, Section 5011, is
21 amended to read as follows:

22 Section 5011. A. Except as otherwise provided by this section,
23 beginning with the calendar year 1990 and for each calendar year
24 through 1998, and for calendar year 2003, any individual who is a

1 resident of and is domiciled in this state during the entire
2 calendar year for which the filing is made and whose gross household
3 income for such year does not exceed Twelve Thousand Dollars
4 (\$12,000.00) may file a claim for sales tax relief.

5 B. For calendar years 1999, 2002 and 2004, any individual who
6 is a resident of and is domiciled in this state during the entire
7 calendar year for which the filing is made may file a claim for
8 sales tax relief if the gross household income for such year does
9 not exceed the following amounts:

10 1. For an individual not subject to the provisions of paragraph
11 2 of this subsection and claiming no allowable personal exemption
12 other than the allowable personal exemption for that individual or
13 the spouse of that individual, Fifteen Thousand Dollars
14 (\$15,000.00); or

15 2. For an individual claiming one or more allowable personal
16 exemptions other than the allowable personal exemption for that
17 individual or the spouse of that individual, an individual with a
18 physical disability constituting a substantial handicap to
19 employment, or an individual who is sixty-five (65) years of age or
20 older at the close of the tax year, Thirty Thousand Dollars
21 (\$30,000.00).

22 C. For calendar years 2000, 2001, ~~2005 and following~~ and 2005
23 through 2013, an individual who is a resident of and is domiciled in
24 this state during the entire calendar year for which the filing is

1 made may file a claim for sales tax relief if the gross household
2 income for such year does not exceed the following amounts:

3 1. For an individual not subject to the provisions of paragraph
4 2 of this subsection and claiming no allowable personal exemption
5 other than the allowable personal exemption for that individual or
6 the spouse of that individual, Twenty Thousand Dollars (\$20,000.00);
7 or

8 2. For an individual claiming one or more allowable personal
9 exemptions other than the allowable personal exemption for that
10 individual or the spouse of that individual, an individual with a
11 physical disability constituting a substantial handicap to
12 employment, or an individual who is sixty-five (65) years of age or
13 older at the close of the tax year, Fifty Thousand Dollars
14 (\$50,000.00).

15 D. The amount of the claim filed pursuant to the Sales Tax
16 Relief Act for tax years through 2012 shall be Forty Dollars
17 (\$40.00) multiplied by the number of allowable personal exemptions.
18 For claims filed for tax year 2013, the amount shall be Twenty
19 Dollars (\$20.00) multiplied by the number of allowable personal
20 exemptions. As used in the Sales Tax Relief Act, "allowable
21 personal exemption" means a personal exemption to which the taxpayer
22 would be entitled pursuant to the provisions of the Oklahoma Income
23 Tax Act, except for:
24

1 1. The exemptions such taxpayer would be entitled to pursuant
2 to Section 2358 of this title if such taxpayer or spouse is blind or
3 sixty-five (65) years of age or older at the close of the tax year;

4 2. An exemption for a person convicted of a felony if during
5 all or any part of the calendar year for which the claim is filed
6 such person was an inmate in the custody of the Department of
7 Corrections; or

8 3. An exemption for a person if during all or any part of the
9 calendar year for which the claim is filed such person resided
10 outside of this state.

11 E. A person convicted of a felony shall not be permitted to
12 file a claim for sales tax relief pursuant to the provisions of
13 ~~Sections 5010 through 5016 of this title~~ the Sales Tax Relief Act
14 for the period of time during which the person is an inmate in the
15 custody of the Department of Corrections. Such period of time shall
16 include the entire calendar year if the person is in the custody of
17 the Department of Corrections during any part of the calendar year.
18 The provisions of this subsection shall not prohibit all other
19 members of the household of an inmate from filing a claim based upon
20 the personal exemptions to which the household members would be
21 entitled pursuant to the provisions of the Oklahoma Income Tax Act.

22 F. The Department of Corrections shall withhold up to fifty
23 percent (50%) of any money inmates receive for claims made pursuant
24

1 to the Sales Tax Relief Act prior to September 1, 1991, for costs of
2 incarceration.

3 G. For purposes of Section 139.105 of Title 17 of the Oklahoma
4 Statutes, the gross household income of any individual who may file
5 a claim for sales tax relief shall not exceed Twelve Thousand
6 Dollars (\$12,000.00).

7 SECTION 35. AMENDATORY 68 O.S. 2011, Section 54006, is
8 amended to read as follows:

9 Section 54006. A. Except as provided in subsection F of this
10 section, for taxable years beginning after December 31, 1992, and
11 before January 1, 2003, and for taxable years beginning after
12 December 31, 2005, there shall be allowed a credit against the tax
13 imposed by Section 2355 of this title for a net increase in the
14 number of full-time-equivalent employees engaged in computer
15 services, data processing or research and development as defined in
16 Section 54003 of this title, in this state including employees
17 engaged in support services.

18 B. The credit provided for in subsection A of this section
19 shall be allowed in each of the four (4) subsequent years only if
20 the level of new employees is maintained in the subsequent year;
21 provided, such credit shall be allowed in each of the eight (8)
22 subsequent years only if the level of new employees is maintained in
23 the subsequent year and if the credit is taken for taxable years
24 beginning after December 31, 2005. In calculating the credit by the

1 number of new employees, only those employees whose paid wages or
2 salary were at least Thirty-five Thousand Dollars (\$35,000.00)
3 during each year the credit is claimed shall be included in the
4 calculation. The number of new employees shall be determined by
5 comparing the monthly average number of full-time employees subject
6 to Oklahoma income tax withholding for the final quarter of the
7 taxable year with the corresponding period of the prior taxable
8 year, as substantiated by such reports as may be required by the Tax
9 Commission.

10 C. For credits taken for taxable years beginning after December
11 31, 1992, and before January 1, 2003, in order to be eligible to
12 receive the credit provided for in subsection A of this section, a
13 new or expanding business shall not include the existing employee
14 positions of any business enterprise that is directly or
15 beneficially owned by a corporation, trust, joint venture,
16 proprietorship, or partnership doing business in this state as of
17 January 1, 1992. For credits taken for taxable years beginning
18 after December 31, 2005, in order to be eligible to receive the
19 credit provided for in subsection A of this section, a new or
20 expanding business shall not include the existing employee positions
21 of any business enterprise that is directly or beneficially owned by
22 a corporation, trust, joint venture, proprietorship, or partnership
23 doing business in this state as of January 1, 2005.

24

1 D. The credit allowed by subsection A of this section shall be
2 Five Hundred Dollars (\$500.00) for each new employee, but not to
3 exceed fifty new employees.

4 E. Any credits allowed but not used in any taxable year may be
5 carried over in order to each of the four (4) years following the
6 year of qualification and to the extent not used in those years in
7 order to each of the five (5) years following the initial five-year
8 period.

9 F. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, 2010, ~~for~~
12 ~~which the credit would otherwise be allowable. The provisions of~~
13 ~~this subsection shall cease to be operative on July 1, 2012.~~
14 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
15 ~~claimed for any event, transaction, investment, expenditure or other~~
16 ~~act occurring on or after July 1, 2012, according to the provisions~~
17 ~~of this section through June 30, 2012. Total credits allowed for~~
18 any event, transaction, investment, expenditure or other act
19 pursuant to this section for the time period beginning on July 1,
20 2012, through December 31, 2013, shall be limited to fifty percent
21 (50%) of the total amount of accrued credit. For tax year 2014 and
22 all subsequent tax years, no credit shall be allowed for any event,
23 transaction, investment, expenditure or other act pursuant to this
24 section.

1 Passed the Senate the 13th day of March, 2012.

2
3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2012.

7
8 _____
9 Presiding Officer of the House
10 of Representatives