

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 HOUSE BILL 3195

By: Munson

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; authorizing
8 income tax credit related to certain small business
9 expenses; defining terms; prescribing amount of tax
10 credit; imposing maximum credit amount; authorizing
11 carryover period; prohibiting reduction of tax
12 liability to less than zero (0); prohibiting
13 transfer; prohibiting refundability; requiring review
14 of tax credit according to certain procedures;
15 providing for codification; and providing an
16 effective date.

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

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2357.401 of Title 68, unless
20 there is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Lawfully recognized veteran-owned business entity" means a
23 sole proprietorship, a general partnership, a limited partnership, a
24 corporation, a limited liability company, a limited liability
limited partnership or any other business entity authorized by the
laws of the State of Oklahoma or the laws of another state to

1 conduct for-profit business activity the majority voting equity
2 interest in which is owned by a United States veteran;

3 2. "Qualified start-up expenses" means:

- 4 a. incorporation or organizational fees for the formation
5 of a lawfully recognized business entity,
- 6 b. accounting expenses related to the start-up phase,
- 7 c. legal expenses related to the start-up phase,
- 8 d. cost of developing a business plan, a marketing study
9 or both,
- 10 e. intellectual property protection costs including
11 trademark, service mark, copyright or patents,
- 12 f. costs to acquire a certificate of occupancy to do
13 business in a county, city or town,
- 14 g. computer hardware and software required to begin
15 business operations, and
- 16 h. any direct expense to qualify the small business as
17 being owned by a veteran pursuant to provisions of
18 federal law or to allow the business to participate in
19 a program designed to benefit a business enterprise
20 owned by a United States veteran;

21 3. "Small business" means either a sole proprietorship or a
22 lawfully recognized business entity having no more than fifty
23 employees at the time the qualifying start-up expense is incurred;
24 and

1 4. "United States veteran" means any person having received an
2 honorable discharge from any branch of the United States Armed
3 Forces, including the National Guard, any reserve component of any
4 branch of the United States Armed Forces, or the United States Coast
5 Guard.

6 B. For taxable years beginning after December 31, 2016, there
7 shall be allowed a credit against the tax imposed pursuant to
8 Section 2355 of Title 68 of the Oklahoma Statutes for qualified
9 start-up expenses incurred by a lawfully recognized veteran-owned
10 business entity.

11 C. The credit shall be equal to one hundred percent (100%) of
12 the amount of qualified start-up expenses subject to a maximum
13 credit amount of Five Thousand Dollars (\$5,000.00) per taxable year.

14 D. The credit authorized by this section may be claimed for the
15 first five (5) years for which an income tax return is filed for
16 small business activity conducted by a United States veteran or by a
17 lawfully recognized veteran-owned business enterprise.

18 E. The amount of any credit not used to reduce an income tax
19 liability may be carried over, in order, to each of the succeeding
20 five (5) taxable years.

21 F. The credit authorized by this section may not be used to
22 reduce an income tax liability to less than zero (0).

23 G. The credit authorized by this section shall not be
24 transferable or refundable.

1 H. The credit authorized by this section shall be reviewed
2 after the end of the fifth taxable year for which the credit may be
3 claimed in order to determine whether the tax credit is effective
4 for purposes of assisting in the formation of small business
5 enterprises by United States veterans.

6 SECTION 2. This act shall become effective January 1, 2017.

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