

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1154

By: Standridge

AS INTRODUCED

An Act relating to tax credits; amending 68 O.S. 2011, Section 2370, as amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2370), which relates to tax credits for income from participation in Rural Economic Development Loan Act; subject to certain condition, modifying time period during which credits are allowed; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2370, as amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2370), is amended to read as follows:

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

1 B. 1. The privilege tax levied by this section shall be in  
2 addition to the Business Activity Tax levied in Section 1218 of this  
3 title and the franchise tax levied in Article 12 of this title and  
4 in lieu of the tax levied by Section 2355 of this title and in lieu  
5 of all taxes levied by the State of Oklahoma, or any subdivision  
6 thereof, upon the shares of stock or personal property of any  
7 banking association or credit union subject to taxation under this  
8 section.

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

15 3. Personal property which is subject to a lease agreement  
16 between a bank or credit union, as lessor, and a nonbanking business  
17 entity or individual, as lessee, is not exempt from personal  
18 property ad valorem taxation. Provided further, that it shall be  
19 the duty of the lessee of such personal property to return sworn  
20 lists or schedules of their taxable property within each county to  
21 the county assessor of such county as provided in Sections 2433 and  
22 2434 of this title.

23 C. Any tax levied under this section shall accrue on the last  
24 day of the taxable year and be payable as provided in Section 2375

1 of this title. The accrual of such tax for the first taxable year  
2 to which this act applies, shall apply notwithstanding the prior  
3 accrual of a tax in the same taxable year based upon the net income  
4 of the next preceding taxable year; provided, however, any  
5 additional deduction enuring to the benefit of the taxpayer shall be  
6 deducted in accordance with the optional transitional deduction  
7 procedures in Section 2354 of this title.

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

12 1. There shall be deducted all interest income on obligations  
13 of the United States government and agencies thereof not otherwise  
14 exempted and all interest income on obligations of the State of  
15 Oklahoma or political subdivisions thereof, including public trust  
16 authorities, not otherwise exempted under the laws of this state;  
17 and

18 2. Expense deductions claimed in arriving at taxable income  
19 under paragraph 10 of Section 2353 of this title shall be reduced by  
20 an amount equal to fifty percent (50%) of excluded interest income  
21 on obligations of the United States government or agencies thereof  
22 and obligations of the State of Oklahoma or political subdivisions  
23 thereof.  
24

1 E. 1. Except as otherwise provided in ~~paragraph 2~~ paragraphs 2  
2 and 3 of this subsection, ~~before January 1, 2017,~~ there shall be  
3 allowed a credit against the tax levied in subsection A of this  
4 section in an amount equal to the amount of taxable income received  
5 by a participating financial institution as defined in Section 90.2  
6 of Title 62 of the Oklahoma Statutes pursuant to a loan made under  
7 the Rural Economic Development Loan Act. Such credit shall be  
8 limited each year to five percent (5%) of the amount of annual  
9 payroll certified by the Oklahoma Rural Economic Development Loan  
10 Program Review Board pursuant to the provisions of paragraph 3 of  
11 subsection B of Section 90.4 of Title 62 of the Oklahoma Statutes  
12 with respect to the loan made by the participating financial  
13 institution and may be claimed for any number of years necessary  
14 until the amount of total credits claimed is equal to the total  
15 amount of taxable income received by the participating financial  
16 institution pursuant to the loan. Any credit allowed but not used  
17 in a taxable year may be carried forward for a period not to exceed  
18 five (5) taxable years. In no event shall a credit allowed pursuant  
19 to the provisions of this subsection be transferable or refundable.

20 2. No credit otherwise authorized by the provisions of this  
21 subsection 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 paragraph shall cease to be operative on July 1, 2012.

1 Beginning July 1, 2012, the credit authorized by this subsection may  
2 be claimed for any event, transaction, investment, expenditure or  
3 other act occurring on or after July 1, 2012, according to the  
4 provisions of this subsection.

5 3. No credits shall be allowed pursuant to this section for  
6 income received pursuant to a loan made under the Rural Economic  
7 Development Loan Act on or after January 1, 2018, unless this  
8 section is reauthorized by the Oklahoma Legislature after evaluation  
9 by the Incentive Evaluation Commission pursuant to Section 7004 of  
10 Title 62 of the Oklahoma Statutes.

11 SECTION 2. This act shall become effective November 1, 2016.

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