

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1376

By: Standridge

AS INTRODUCED

An Act relating to the credit allowed for tax imposed; providing short title; amending 68 O.S. 2011, Sections 2357.4, as amended by Section 1, Chapter 336, O.S.L. 2015, 2357.11, as amended by Section 1, Chapter 371, O.S.L. 2013, 2357.22, as last amended by Section 12, Chapter 328, O.S.L. 2014, 2357.27, as amended by Section 1, Chapter 33, O.S.L. 2014, 2357.32A, as amended by Section 2, Chapter 371, O.S.L. 2013, 2357.41, 2357.45, 2357.46, 2357.47, as amended by Section 1, Chapter 292, O.S.L. 2014, 2357.104, 2357.206, as last amended by Section 1, Chapter 361, O.S.L. 2015, 2357.302, as amended by Section 2, Chapter 30, O.S.L. 2014, 2357.303, as amended by Section 3, Chapter 30, O.S.L. 2014, 2357.304, as amended by Section 4, Chapter 30, O.S.L. 2014, 2357.401, as amended by Section 1, Chapter 34, O.S.L. 2014, Section 1, Chapter 421, O.S.L. 2014, 2358.7, as amended by Section 2, Chapter 161, O.S.L. 2012 and 2370, as amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015, Sections 2357.4, 2357.11, 2357.22, 2357.27, 2357.32A, 2357.47, 2357.206, 2357.302, 2357.303, 2357.304, 2357.401, 2357.403, 2358.7 and 2370), which relate to tax credits for certain events, transactions, investments, expenditures or other acts; reducing the amount allowed for tax credits during certain time period for any event, transaction, investment, expenditure or other act relating to investment in depreciable property or new employment relating to manufacturing, purchase or production of Oklahoma-mined coal, investment in clean-burning motor vehicle fuel property, expenses by child care service providers, production and sale of electricity generated by zero-emission facilities, rehabilitation of certain historic hotel or newspaper buildings,

1 donations for independent biomedical research or
2 cancer research institutes, energy efficient
3 residential property construction, employer expenses
4 relating to injured employees, railroad
5 reconstruction or replacement expenditures, donations
6 to eligible scholarship-granting or educational
7 improvement grant organizations, qualified employee
8 tuition reimbursement, compensation paid to qualified
9 employees by employers, credits for qualified
10 employees, fees paid for certain electronic fund
11 transfers, investment in qualified affordable housing
12 projects, expenses related to volunteer firefighter
13 certification and income from loans made by financial
14 institutions pursuant to Rural Economic Development
15 Loan Act; providing for noncodification; and
16 providing an effective date.

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

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

This act shall be known and may be cited as the "Tax Credit
Reduction Act".

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.4, as
amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,
Section 2357.4), is amended to read as follows:

Section 2357.4. A. Except as otherwise provided in subsection
F of Section 3658 of this title and in subsections J and K of this
section, for taxable years beginning after December 31, 1987, there
shall be allowed a credit against the tax imposed by Section 2355 of
this 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 Section 1357 of this title in
7 this state or a qualified web search portal as defined in Section
8 1357 of this title; or

9 2. A net increase in the number of full-time-equivalent
10 employees in a manufacturing operation, as defined in Section 1352
11 of this title, which has received a manufacturer exemption permit
12 pursuant to the provisions of Section 1359.2 of this title or a
13 qualified aircraft maintenance or manufacturing facility defined in
14 Section 1357 of this title in this state or in a qualified web
15 search portal as defined in Section 1357 of this title including
16 employees engaged in support services.

17 B. Except as otherwise provided in subsection F of Section 3658
18 of this title and in subsections J ~~and~~, K and L of this section, for
19 taxable years beginning after December 31, 1998, there shall be
20 allowed a credit against the tax imposed by Section 2355 of this
21 title for:

22 1. Investment in qualified depreciable property with a total
23 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
24 within three (3) years from the date of initial qualifying

1 expenditure and placed in service in this state during those years
2 for use in the manufacture of products described by any Industry
3 Number contained in Division D of Part I of the Standard Industrial
4 Classification (SIC) Manual, latest revision; or

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

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

19 D. If a business entity fails to expend the amount required by
20 paragraph 1 or paragraph 2 of subsection B of this section within
21 the time required, the business entity may not claim the credit
22 authorized by subsection B of this section but shall be allowed to
23 claim a credit pursuant to subsection A of this section if the
24 requirements of subsection A of this section are met with respect to

1 the investment in qualified depreciable property or net increase in
2 the number of full-time-equivalent employees.

3 E. The credit provided for in subsection A of this section, if
4 based upon investment in qualified depreciable property, shall not
5 be allowed unless the investment in qualified depreciable property
6 is at least Fifty Thousand Dollars (\$50,000.00). The credit
7 provided for in subsection A or B of this section shall not be
8 allowed if the applicable investment is the direct cause of a
9 decrease in the number of full-time-equivalent employees. Qualified
10 property shall be limited to machinery, fixtures, equipment,
11 buildings or substantial improvements thereto, placed in service in
12 this state during the taxable year. The taxable years for which the
13 credit may be allowed if based upon investment in qualified
14 depreciable property shall be measured from the year in which the
15 qualified property is placed in service. If the credit provided for
16 in subsection A or B of this section is calculated on the basis of
17 the cost of the qualified property, the credit shall be allowed in
18 each of the four (4) subsequent years. If the qualified property on
19 which a credit has previously been allowed is acquired from a
20 related party, the date such property is placed in service by the
21 transferor shall be considered to be the date such property is
22 placed in service by the transferee, for purposes of determining the
23 aggregate number of years for which credit may be allowed.
24

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

1 G. ~~The~~ Except as otherwise provided in subsection L of this
2 section, the credit allowed by subsection A of this section shall be
3 the greater amount of either:

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

6 2. Five Hundred Dollars (\$500.00) for each new employee. No
7 credit shall be allowed in any taxable year for a net increase in
8 the number of full-time-equivalent employees if such increase is a
9 result of an investment in qualified depreciable property for which
10 an income tax credit has been allowed as authorized by this section.

11 H. ~~The~~ Except as otherwise provided in subsection L of this
12 section, the credit allowed by subsection B of this section shall be
13 the greater amount of either:

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

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

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

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

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

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

5 3. If a C corporation that otherwise qualified for the credits
6 under subsection A of this section subsequently changes its
7 operating status to that of a pass-through entity which is being
8 treated as the same entity for federal tax purposes, the credits
9 will continue to be available as if the pass-through entity had
10 originally qualified for the credits subject to the limitations of
11 this section.

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

16 J. 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 until the provisions
20 of 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, 2010, according to the provisions
24 of this section; provided, credits accrued during the period from

1 July 1, 2010, through June 30, 2012, shall be limited to a period of
2 two (2) taxable years. The credit shall be limited in each taxable
3 year to fifty percent (50%) of the total amount of the accrued
4 credit. Any tax credits which accrue during the period of July 1,
5 2010, through June 30, 2012, may not be claimed for any period prior
6 to the taxable year beginning January 1, 2012. No credits which
7 accrue during the period of July 1, 2010, through June 30, 2012, may
8 be used to file an amended tax return for any taxable year prior to
9 the taxable year beginning January 1, 2012.

10 K. Beginning January 1, 2017, except with respect to tax
11 credits allowed from investment or job creation occurring prior to
12 January 1, 2017, the credits authorized by this section shall not be
13 allowed for investment or job creation in electric power generation
14 by means of wind as described by the North American Industry
15 Classification System, No. 221119.

16 L. For any credits calculated pursuant to subsections G and H
17 of this section for tax years beginning on or after January 1, 2017,
18 the amount of credit allowed shall be equal to seventy-five percent
19 (75%) of the amount otherwise provided.

20 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.11, as
21 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
22 Section 2357.11), is amended to read as follows:

23 Section 2357.11. A. For purposes of this section, the term
24 "person" means any legal business entity including limited and

1 general partnerships, corporations, sole proprietorships, and
2 limited liability companies, but does not include individuals.

3 B. 1. Except as provided in subsection M of this section, for
4 tax years beginning on or after January 1, 1993, and ending on or
5 before December 31, 2021, there shall be allowed a credit against
6 the tax imposed by Section 1803 or Section 2355 of this title or
7 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every
8 person in this state furnishing water, heat, light or power to the
9 state or its citizens, or for every person in this state burning
10 coal to generate heat, light or power for use in manufacturing
11 operations located in this state.

12 2. For tax years beginning on or after January 1, 1993, and
13 ending on or before December 31, 2005, and for the period of January
14 1, 2006, through June 30, 2006, the credit shall be in the amount of
15 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
16 purchased by such person.

17 3. For the period of July 1, 2006 through December 31, 2006,
18 and, except as provided in subsection N of this section, for tax
19 years beginning on or after January 1, 2007, and ending on or before
20 December 31, 2021, the credit shall be in the amount of Two Dollars
21 and eighty-five cents (\$2.85) per ton for each ton of Oklahoma-mined
22 coal purchased by such person.

23 4. In addition to the credit allowed pursuant to the provisions
24 of paragraph 3 of this subsection, for the period of July 1, 2006,

1 through December 31, 2006, and except as provided in ~~subsection M~~
2 subsections M and N of this section, for tax years beginning on or
3 after January 1, 2007, and ending on or before December 31, 2021,
4 there shall be allowed a credit in the amount of Two Dollars and
5 fifteen cents (\$2.15) per ton for each ton of Oklahoma-mined coal
6 purchased by such person. The credit allowed pursuant to the
7 provisions of this paragraph may not be claimed or transferred prior
8 to January 1, 2008.

9 C. For tax years beginning on or after January 1, 1995, and
10 ending on or before December 31, 2005, and for the period beginning
11 January 1, 2006, through June 30, 2006, there shall be allowed, in
12 addition to the credits allowed pursuant to subsection B of this
13 section, a credit against the tax imposed by Section 1803 or Section
14 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
15 Statutes for every person in this state which:

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

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

21 The additional credit allowed pursuant to this subsection shall
22 be in the amount of Three Dollars (\$3.00) per ton for each ton of
23 Oklahoma-mined coal purchased by such person.
24

1 D. Except as otherwise provided in subsection E of this section
2 and in subsection M of this section, for tax years beginning on or
3 after January 1, 2001, and ending on or before December 31, 2021,
4 there shall be allowed a credit against the tax imposed by Section
5 1803 or Section 2355 of this title or Section 624 or 628 of Title 36
6 of the Oklahoma Statutes for every person in this state primarily
7 engaged in mining, producing or extracting coal, and holding a valid
8 permit issued by the Oklahoma Department of Mines. For tax years
9 beginning on or after January 1, 2001, and ending on or before
10 December 31, 2005, and for the period beginning January 1, 2006,
11 through June 30, 2006, the credit shall be in the amount of ninety-
12 five cents (\$0.95) per ton and for the period of July 1, 2006,
13 through December 31, 2006, and for tax years beginning on or after
14 January 1, 2007, except as otherwise provided in subsection N of
15 this section, the credit shall be in the amount of Five Dollars
16 (\$5.00) for each ton of coal mined, produced or extracted in on,
17 under or through a permit in this state by such person.

18 E. In addition to the credit allowed pursuant to the provisions
19 of subsection D of this section and except as otherwise provided in
20 subsection F of this section, for tax years beginning on or after
21 January 1, 2001, and ending on or before December 31, 2005, and for
22 the period of January 1, 2006, through June 30, 2006, there shall be
23 allowed a credit against the tax imposed by Section 1803 or Section
24 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma

1 Statutes for every person in this state primarily engaged in mining,
2 producing or extracting coal, and holding a valid permit issued by
3 the Oklahoma Department of Mines in the amount of ninety-five cents
4 (\$0.95) per ton for each ton of coal mined, produced or extracted
5 from thin seams in this state by such person; provided, the credit
6 shall not apply to such coal sold to any consumer who purchases at
7 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
8 coal per year.

9 F. In addition to the credit allowed pursuant to the provisions
10 of subsection D of this section and except as otherwise provided in
11 subsection G of this section, for tax years beginning on or after
12 January 1, 2005, and ending on or before December 31, 2005, and for
13 the period of January 1, 2006, through June 30, 2006, there shall be
14 allowed a credit against the tax imposed by Section 1803 or Section
15 2355 of this title or that portion of the tax imposed by Section 624
16 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
17 to and placed into the General Revenue Fund, in the amount of
18 ninety-five cents (\$0.95) per ton for each ton of coal mined,
19 produced or extracted from thin seams in this state by such person
20 on or after July 1, 2005.

21 G. The credits provided in subsections D and E of this section
22 shall not be allowed for coal mined, produced or extracted in any
23 month in which the average price of coal is Sixty-eight Dollars
24

1 (\$68.00) or more per ton, excluding freight charges, as determined
2 by the Tax Commission.

3 H. The additional credits allowed pursuant to subsections B, C,
4 D and E of this section but not used shall be freely transferable
5 after January 1, 2002, but not later than December 31, 2013, by
6 written agreement to subsequent transferees at any time during the
7 five (5) years following the year of qualification; provided, the
8 additional credits allowed pursuant to the provisions of paragraph 4
9 of subsection B of this section but not used shall be freely
10 transferable after January 1, 2008, but not later than December 31,
11 2013, by written agreement to subsequent transferees at any time
12 during the five (5) years following the year of qualification. An
13 eligible transferee shall be any taxpayer subject to the tax imposed
14 by Section 1803 or Section 2355 of this title or Section 624 or 628
15 of Title 36 of the Oklahoma Statutes. The person originally allowed
16 the credit and the subsequent transferee shall jointly file a copy
17 of the written credit transfer agreement with the Tax Commission
18 within thirty (30) days of the transfer. The written agreement
19 shall contain the name, address and taxpayer identification number
20 of the parties to the transfer, the amount of credit being
21 transferred, the year the credit was originally allowed to the
22 transferring person and the tax year or years for which the credit
23 may be claimed. The Tax Commission may promulgate rules to permit
24 verification of the validity and timeliness of a tax credit claimed

1 upon a tax return pursuant to this subsection but shall not
2 promulgate any rules which unduly restrict or hinder the transfers
3 of such tax credit.

4 I. The additional credit allowed pursuant to subsection F of
5 this section but not used shall be freely transferable on or after
6 July 1, 2006, but not later than December 31, 2013, by written
7 agreement to subsequent transferees at any time during the five (5)
8 years following the year of qualification. An eligible transferee
9 shall be any taxpayer subject to the tax imposed by Section 1803 or
10 Section 2355 of this title or Section 624 or 628 of Title 36 of the
11 Oklahoma Statutes. The person originally allowed the credit and the
12 subsequent transferee shall jointly file a copy of the written
13 credit transfer agreement with the Tax Commission within thirty (30)
14 days of the transfer. The written agreement shall contain the name,
15 address and taxpayer identification number of the parties to the
16 transfer, the amount of credit being transferred, the year the
17 credit was originally allowed to the transferring person and the tax
18 year or years for which the credit may be claimed. The Tax
19 Commission may promulgate rules to permit verification of the
20 validity and timeliness of a tax credit claimed upon a tax return
21 pursuant to this subsection but shall not promulgate any rules which
22 unduly restrict or hinder the transfers of such tax credit.

23 J. Any person receiving tax credits pursuant to the provisions
24 of this section shall apply the credits against taxes payable or,

1 subject to the limitation that credits earned after December 31,
2 2013, shall not be transferred, shall transfer the credits as
3 provided in this section or, for credits earned on or after January
4 1, 2014, shall receive a refund pursuant to the provisions of
5 subsection L of this section. Credits shall not be used to lower
6 the price of any Oklahoma-mined coal sold that is produced by a
7 subsidiary of the person receiving a tax credit under this section
8 to other buyers of the Oklahoma-mined coal.

9 K. Except as provided by paragraph 2 of subsection L of this
10 section, the credits allowed by subsections B, C, D, E and F of this
11 section, upon election of the taxpayer, shall be treated and may be
12 claimed as a payment of tax, a prepayment of tax or a payment of
13 estimated tax for purposes of Section 1803 or 2355 of this title or
14 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

15 L. 1. With respect to credits allowed pursuant to the
16 provisions of subsections B, C, D, E and F of this section earned
17 prior to January 1, 2014, but not used in any tax year may be
18 carried over in order to each of the five (5) years following the
19 year of qualification.

20 2. With respect to credits allowed pursuant to the provisions
21 of subsections B, C, D, E and F of this section which are earned but
22 not used, based upon activity occurring on or after January 1, 2014,
23 the Oklahoma Tax Commission shall, at the taxpayer's election,
24 refund directly to the taxpayer eighty-five percent (85%) of the

1 face amount of such credits. The direct refund of the credits
2 pursuant to this paragraph shall be available to all taxpayers,
3 including, without limitation, pass-through entities and taxpayers
4 subject to Section 2355 of this title. The amount of any direct
5 refund of credits actually received at the eighty-five percent (85%)
6 level by the taxpayer pursuant to this paragraph shall not be
7 subject to the tax imposed by Section 2355 of this title. If the
8 pass-through entity does not file a claim for a direct refund, the
9 pass-through entity shall allocate the credit to one or more of the
10 shareholders, partners or members of the pass-through entity;
11 provided, the total of all credits refunded or allocated shall not
12 exceed the amount of the credit or refund to which the pass-through
13 entity is entitled. For the purposes of this paragraph, "pass-
14 through entity" means a corporation that for the applicable tax year
15 is treated as an S corporation under the Internal Revenue Code of
16 1986, as amended, general partnership, limited partnership, limited
17 liability partnership, trust or limited liability company that for
18 the applicable tax year is not taxed as a corporation for federal
19 income tax purposes.

20 M. 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.

5 N. For any credits calculated pursuant to paragraphs 3 or 4 of
6 subsection B or subsection D of this section for tax years beginning
7 on or after January 1, 2017, the amount of credit allowed shall be
8 equal to seventy-five percent (75%) of the amount otherwise
9 provided.

10 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.22, as
11 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
12 2015, Section 2357.22), is amended to read as follows:

13 Section 2357.22. A. For tax years beginning before January 1,
14 2020, there shall be allowed a one-time credit against the income
15 tax imposed by Section 2355 of this title for investments in
16 qualified clean-burning motor vehicle fuel property placed in
17 service after December 31, 1990.

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

20 1. Equipment installed to modify a motor vehicle which is
21 propelled by gasoline or diesel fuel so that the vehicle may be
22 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
23 natural gas or liquefied petroleum gas; provided, equipment
24 installed on a vehicle propelled by a hydrogen fuel cell shall only

1 be eligible for tax year 2010. The equipment covered by this
2 paragraph must:

- 3 a. be new, not previously used to modify or retrofit any
4 vehicle propelled by gasoline or diesel fuel and be
5 installed by an alternative fuels equipment technician
6 who is certified in accordance with the Alternative
7 Fuels Technician Certification Act,
- 8 b. meet all Federal Motor Vehicle Safety Standards set
9 forth in 49 CFR 571, or
- 10 c. for any commercial motor vehicle (CMV), follow the
11 Federal Motor Carrier Safety Regulations or Oklahoma
12 Intrastate Motor Carrier Regulations;

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

22 3. Property, not including a building and its structural
23 components, which is:
24

1 a. directly related to the delivery of compressed natural
2 gas, liquefied natural gas or liquefied petroleum gas,
3 or hydrogen, for commercial purposes or for a fee or
4 charge, into the fuel tank of a motor vehicle
5 propelled by such fuel including compression equipment
6 and storage tanks for such fuel at the point where
7 such fuel is so delivered but only if such property is
8 not used to deliver such fuel into any other type of
9 storage tank or receptacle and such fuel is not used
10 for any purpose other than to propel a motor vehicle,
11 or

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

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

22 4. Property which is directly related to the compression and
23 delivery of natural gas from a private home or residence, for
24 noncommercial purposes, into the fuel tank of a motor vehicle

1 propelled by compressed natural gas. The property covered by this
2 paragraph must be new and must not have been previously installed or
3 used to refuel vehicles powered by natural gas.

4 C. As used in this section, "motor vehicle" means a motor
5 vehicle originally designed by the manufacturer to operate lawfully
6 and principally on streets and highways.

7 D. ~~The~~ Except as provided in subsection J of this section, the
8 credit provided for in subsection A of this section shall be as
9 follows:

10 1. After ~~the effective date of this act~~ August 22, 2014, for
11 the qualified clean-burning motor vehicle fuel property defined in
12 paragraph 1 or 2 of subsection B of this section, forty-five percent
13 (45%) of the cost of the qualified clean-burning motor vehicle fuel
14 property;

15 2. For qualified clean-burning motor vehicle fuel property
16 defined in paragraph 3 of subsection B of this section, a per-
17 location credit of seventy-five percent (75%) of the cost of the
18 qualified clean-burning motor vehicle fuel property; and

19 3. For qualified clean-burning motor vehicle fuel property
20 defined in paragraph 4 of subsection B of this section, a per-
21 location credit of the lesser of fifty percent (50%) of the cost of
22 the qualified clean-burning motor vehicle fuel property or Two
23 Thousand Five Hundred Dollars (\$2,500.00).
24

1 E. ~~In~~ Except as otherwise provided in subsection J of this
2 section, in cases where no credit has been claimed pursuant to
3 paragraph 1 of subsection D of this section by any prior owner and
4 in which a motor vehicle is purchased by a taxpayer with qualified
5 clean-burning motor vehicle fuel property installed by the
6 manufacturer of such motor vehicle and the taxpayer is unable or
7 elects not to determine the exact basis which is attributable to
8 such property, the taxpayer may claim a credit in an amount not
9 exceeding the lesser of ten percent (10%) of the cost of the motor
10 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

11 F. If the tax credit allowed pursuant to subsection A of this
12 section exceeds the amount of income taxes due or if there are no
13 state income taxes due on the income of the taxpayer, the amount of
14 the credit not used as an offset against the income taxes of a
15 taxable year may be carried forward as a credit against subsequent
16 income tax liability for a period not to exceed five (5) years.

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

21 H. The Oklahoma Tax Commission is herein empowered to
22 promulgate rules by which the purpose of this section shall be
23 administered, including the power to establish and enforce penalties
24 for violations thereof.

1 I. Notwithstanding the provisions of Section 2352 of this
2 title, for the fiscal year beginning on July 1, 2014, and each
3 fiscal year thereafter, the Tax Commission shall calculate an amount
4 that equals five percent (5%) of the cost of qualified clean-burning
5 motor vehicle fuel property as provided for in paragraph 1 of
6 subsection D of this section for tax year 2012. For each subsequent
7 fiscal year thereafter, the Tax Commission shall perform the same
8 computation with respect to the second tax year preceding the
9 beginning of each subsequent fiscal year. The Tax Commission shall
10 then transfer an amount equal to the amount calculated in this
11 subsection from the revenue derived pursuant to the provisions of
12 subsections A, B and E of Section 2355 of this title to the
13 Compressed Natural Gas Conversion Safety and Regulation Fund created
14 in ~~Section 13 of this act~~ Section 130.25 of Title 74 of the Oklahoma
15 Statutes.

16 J. For any credits calculated pursuant to subsections D or E of
17 this section for tax years beginning on or after January 1, 2017,
18 the amount of credit allowed shall be equal to seventy-five percent
19 (75%) of the amount otherwise provided.

20 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.27, as
21 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2015,
22 Section 2357.27), is amended to read as follows:

23 Section 2357.27. A. Except as otherwise provided by subsection
24 E of this section, for tax years beginning after December 31, 1998,

1 and ending before January 1, 2017, there shall be allowed a credit
2 against the tax imposed by Section 2355 of this title for eligible
3 expenses incurred by entities primarily engaged in the business of
4 providing child care services.

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

12 C. ~~The~~ Except as otherwise provided in subsection F of this
13 section, 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.

5 F. For any credits calculated pursuant to subsection C of this
6 section for tax years beginning on or after January 1, 2017, the
7 amount of the credit allowed shall be equal to seventy-five percent
8 (75%) of the amount otherwise provided.

9 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
10 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
11 Section 2357.32A), is amended to read as follows:

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

19 1. "Electricity generated by zero-emission facilities" means
20 electricity that is exclusively produced by any facility located in
21 this state with a rated production capacity of one megawatt (1 mw)
22 or greater, constructed for the generation of electricity and placed
23 in operation after June 4, 2001, which utilizes eligible renewable
24 resources as its fuel source. The construction and operation of

1 such facilities shall result in no pollution or emissions that are
2 or may be harmful to the environment, pursuant to a determination by
3 the Department of Environmental Quality; and

4 2. "Eligible renewable resources" means resources derived from:

- 5 a. wind,
- 6 b. moving water,
- 7 c. sun, or
- 8 d. geothermal energy.

9 B. 1. For facilities placed in operation on or after January
10 1, 2003, and before January 1, 2007, the amount of the credit for
11 the electricity generated on or after January 1, 2003, but prior to
12 January 1, 2004, shall be seventy-five one-hundredths of one cent
13 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
14 emission facilities.

15 2. For electricity generated on or after January 1, 2004, but
16 prior to January 1, 2007, the amount of the credit shall be fifty
17 one-hundredths of one cent (\$0.0050) per kilowatt-hour for
18 electricity generated by zero-emission facilities.

19 3. For electricity generated on or after January 1, 2007, but
20 prior to January 1, 2012, the amount of the credit shall be twenty-
21 five one-hundredths of one cent (\$0.0025) per kilowatt-hour of
22 electricity generated by zero-emission facilities. ~~For~~

23 4. Except as otherwise provided in subsection I of this
24 section, for facilities placed in operation on or after January 1,

1 2007, and before January 1, 2021, the amount of the credit for the
2 electricity generated on or after January 1, 2007, shall be fifty
3 one-hundredths of one cent (\$0.0050) for each kilowatt-hour of
4 electricity generated by zero-emission facilities.

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

9 D. 1. For credits generated prior to January 1, 2014, if the
10 credit allowed pursuant to this section exceeds the amount of income
11 taxes due or if there are no state income taxes due on the income of
12 the taxpayer, the amount of the credit allowed but not used in any
13 tax year may be carried forward as a credit against subsequent
14 income tax liability for a period not exceeding ten (10) years.

15 2. For credits generated, but not used, on or after January 1,
16 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
17 election, directly to the taxpayer eighty-five percent (85%) of the
18 face amount of such credits. The direct refund of the credits
19 pursuant to this paragraph shall be available to all taxpayers,
20 including, without limitation, pass-through entities and taxpayers
21 subject to Section 2355 of this title, but shall not be available to
22 any entities falling within the provisions of subsection E of this
23 section. The amount of any direct refund of credits actually
24 received at the eighty-five percent (85%) level by the taxpayer

1 pursuant to this paragraph shall not be subject to the tax imposed
2 by Section 2355 of this title. If the pass-through entity does not
3 file a claim for a direct refund, the pass-through entity shall
4 allocate the credit to one or more of the shareholders, partners or
5 members of the pass-through entity; provided, the total of all
6 credits refunded or allocated shall not exceed the amount of the
7 credit or refund to which the pass-through entity is entitled. For
8 the purposes of this paragraph, "pass-through entity" means a
9 corporation that for the applicable tax year is treated as an S
10 corporation under the Internal Revenue Code of 1986, as amended,
11 general partnership, limited partnership, limited liability
12 partnership, trust or limited liability company that for the
13 applicable tax year is not taxed as a corporation for federal income
14 tax purposes.

15 E. Any nontaxable entities, including agencies of the State of
16 Oklahoma or political subdivisions thereof, shall be eligible to
17 establish a transferable tax credit in the amount provided in
18 subsection B of this section. Such tax credit shall be a property
19 right available to a state agency or political subdivision of this
20 state to transfer or sell to a taxable entity, whether individual or
21 corporate, who shall have an actual or anticipated income tax
22 liability under Section 2355 of this title. These tax credit
23 provisions are authorized as an incentive to the State of Oklahoma,
24 its agencies and political subdivisions to encourage the expenditure

1 of funds in the development, construction and utilization of
2 electricity from zero-emission facilities as defined in subsection A
3 of this section.

4 F. For credits generated prior to January 1, 2014, the amount
5 of the credit allowed, but not used, shall be freely transferable at
6 any time during the ten (10) years following the year of
7 qualification. Any person to whom or to which a tax credit is
8 transferred shall have only such rights to claim and use the credit
9 under the terms that would have applied to the entity by whom or by
10 which the tax credit was transferred. The provisions of this
11 subsection shall not limit the ability of a tax credit transferee to
12 reduce the tax liability of the transferee, regardless of the actual
13 tax liability of the tax credit transferor, for the relevant taxable
14 period. The transferor initially allowed the credit and any
15 subsequent transferees shall jointly file a copy of any written
16 transfer agreement with the Oklahoma Tax Commission within thirty
17 (30) days of the transfer. The written agreement shall contain the
18 name, address and taxpayer identification number or social security
19 number of the parties to the transfer, the amount of the credit
20 being transferred, the year the credit was originally allowed to the
21 transferor, and the tax year or years for which the credit may be
22 claimed. The Tax Commission may promulgate rules to permit
23 verification of the validity and timeliness of the tax credit
24 claimed upon a tax return pursuant to this subsection but shall not

1 promulgate any rules that unduly restrict or hinder the transfers of
2 such tax credit. The tax credit allowed by this section, upon the
3 election of the taxpayer, may be claimed as a payment of tax, a
4 prepayment of tax or a payment of estimated tax for purposes of
5 Section 1803 or Section 2355 of this title.

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

12 H. 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 until the provisions
16 of this subsection shall cease to be operative on July 1, 2011.
17 Beginning July 1, 2011, 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, 2010, according to the provisions
20 of this section. Any tax credits which accrue during the period of
21 July 1, 2010, through June 30, 2011, may not be claimed for any
22 period prior to the taxable year beginning January 1, 2012. No
23 credits which accrue during the period of July 1, 2010, through June
24

1 30, 2011, may be used to file an amended tax return for any taxable
2 year prior to the taxable year beginning January 1, 2012.

3 I. For any credits calculated pursuant to paragraph 4 of
4 subsection B of this section for tax years beginning on or after
5 January 1, 2017, the amount of credit allowed shall be equal to
6 seventy-five (75%) of the amount otherwise provided.

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

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

21 B. The Except as otherwise provided in subsection J of this
22 section, the amount of the credit shall be one hundred percent
23 (100%) of the federal rehabilitation credit provided for in Section
24 47 of Title 26 of the United States Code. The credit authorized by

1 this section may be claimed at any time after the relevant local
2 governmental body responsible for doing so issues a certificate of
3 occupancy or other document that is a precondition for the
4 applicable use of the building or structure that is the basis upon
5 which the credit authorized by this section is claimed.

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

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

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

22 F. The amount of the credit allowed for any credit claimed for
23 a certified historic hotel or historic newspaper plant building or
24 any certified historic structure, but not used, shall be freely

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

1 Commission shall develop a system to record and track the transfers
2 of the credit and certify the ownership of the credit and may
3 promulgate rules to permit verification of the validity and
4 timeliness of a tax credit claimed upon a tax return pursuant to
5 this subsection but shall not promulgate any rules which unduly
6 restrict or hinder the transfers of such tax credit.

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

15 H. As used in this section:

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

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

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

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

14 I. 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 until the provisions
18 of 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, 2010, according to the provisions
22 of this section. Any tax credits which accrue during the period of
23 July 1, 2010, through June 30, 2012, may not be claimed for any
24 period prior to the taxable year beginning January 1, 2012. No

1 credits which accrue during the period of July 1, 2010, through June
2 30, 2012, may be used to file an amended tax return for any taxable
3 year prior to the taxable year beginning January 1, 2012.

4 J. For any credits calculated pursuant to subsection B of this
5 section for tax years beginning on or after January 1, 2017, the
6 amount of the credit allowed shall be equal to seventy-five percent
7 (75%) of the amount otherwise provided.

8 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.45, is
9 amended to read as follows:

10 Section 2357.45. A. 1. ~~For~~ Except as otherwise provided in
11 subsection E of this section, for tax years beginning after December
12 31, 2004, there shall be allowed against the tax imposed by Section
13 2355 of this title, a credit for any taxpayer who makes a donation
14 to an independent biomedical research institute and for tax years
15 beginning after December 31, 2010, a credit for any taxpayer who
16 makes a donation to a cancer research institute.

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

19 a. for calendar year 2007 and all subsequent years, the
20 credit percentage, not to exceed fifty percent (50%),
21 shall be adjusted annually so that the total estimate
22 of the credits does not exceed Two Million Dollars
23 (\$2,000,000.00) annually. The formula to be used for
24 the percentage adjusted shall be fifty percent (50%)

1 times One Million Dollars (\$1,000,000.00) divided by
2 the credits claimed in the preceding year for each
3 donation to an independent biomedical research
4 institute and fifty percent (50%) times One Million
5 Dollars (\$1,000,000.00) divided by the credits claimed
6 in the preceding year for each donation to a cancer
7 research institute,

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

15 c. for tax year 2011, no more than Fifty Thousand Dollars
16 (\$50,000.00) in total tax credits for donations to a
17 cancer research institute shall be allowed,

18 d. in no event shall more than fifty percent (50%) of the
19 Two Million Dollars (\$2,000,000.00) in total tax
20 credits authorized by this section, for any calendar
21 year after ~~the effective date of this act~~ January 1,
22 2011, be allocated for credits for donations to a
23 cancer research institute, and
24

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

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

- 23 a. have a board of directors,
- 24 b. be able to accept grants in its own name,

- c. be an identifiable institute that has its own employees and administrative staff, and
- d. receive at least Fifteen Million Dollars (\$15,000,000.00) in National Institute of Health funding each year.

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

- a. either be an independent research institute or a program that is part of a state university which is a member of The Oklahoma State System of Higher Education, and
- b. receive at least Four Million Dollars (\$4,000,000.00) in National Cancer Institute funding each year.

1 B. In no event shall the amount of the credit exceed the amount
2 of any tax liability of the taxpayer.

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

6 D. The Tax Commission shall have the authority to prescribe
7 forms for purposes of claiming the credit authorized by this
8 section.

9 E. For any credits calculated pursuant to paragraph 2 of
10 subsection A of this section for tax years beginning on or after
11 January 1, 2017, the amount of the credit allowed shall be equal to
12 seventy-five percent (75%) of the amount otherwise provided.

13 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.46, is
14 amended to read as follows:

15 Section 2357.46. A. Except as otherwise provided by subsection
16 G of this section, for tax years beginning after December 31, 2005,
17 there shall be allowed a credit against the tax imposed by Section
18 2355 of ~~Title 68 of Oklahoma Statutes~~ this title for eligible
19 expenditures incurred by a contractor in the construction of energy
20 efficient residential property of two thousand (2,000) square feet
21 or less. ~~The~~ Except as otherwise provided by subsection H of this
22 section, the amount of the credit shall be based upon the following:

23 1. For any eligible energy efficient residential property
24 constructed and certified as forty percent (40%) or more above the

1 International Energy Conservation Code 2003 and any supplement in
2 effect at the time of completion, the amount of the credit shall be
3 equal to the eligible expenses, not to exceed Four Thousand Dollars
4 (\$4,000.00) for the taxpayer who is the contractor; and

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

12 B. As used in this section:

13 1. "Eligible expenditure" means any:

- 14 a. energy efficient heating or cooling system,
- 15 b. insulation material or system which is specifically
16 and primarily designed to reduce the heat gain or loss
17 of a residential property when installed in or on such
18 property,
- 19 c. exterior windows, including skylights,
- 20 d. exterior doors, and
- 21 e. any metal roof installed on a residential property,
22 but only if such roof has appropriate pigmented
23 coatings which are specifically and primarily designed
24

1 to reduce the heat gain of such dwelling unit and
2 which meet Energy Star program requirements;

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

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

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

15 (1) a level of annual heating and cooling energy
16 consumption which is at least forty percent (40%)
17 below the annual level of heating and cooling
18 energy consumption of a comparable residential
19 property constructed in accordance with the
20 standards of Chapter 4 of the 2003 International
21 Energy Conservation Code, as such code is in
22 effect on ~~the effective date of this act~~ November
23 1, 2005,
24

- 1 (2) heating and cooling equipment efficiencies which
2 correspond to the minimum allowed under the
3 regulations established by the Department of
4 Energy pursuant to the National Appliance Energy
5 Conservation Act of 1987 and in effect at the
6 time of construction of the property, and
7 (3) building envelope component improvements which
8 account for at least one-fifth of the reduced
9 annual heating and cooling energy consumption
10 levels,

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

- 15 (1) a level of annual heating and cooling energy
16 consumption which is between twenty percent (20%)
17 and thirty-nine percent (39%) below the annual
18 level of heating and cooling energy consumption
19 of a comparable residential property constructed
20 in accordance with the standards of Chapter 4 of
21 the 2003 International Energy Conservation Code,
22 as such code is in effect on ~~the effective date~~
23 ~~of this act~~ November 1, 2005,
24

- 1 (2) heating and cooling equipment efficiencies which
2 correspond to the minimum allowed under the
3 regulations established by the Department of
4 Energy pursuant to the National Appliance Energy
5 Conservation Act of 1987 and in effect at the
6 time of construction of the property, and
7 (3) building envelope component improvements which
8 account for at least one-third of the reduced
9 annual heating and cooling energy consumption
10 levels.

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

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

21 E. For credits earned on or after ~~the effective date of this~~
22 ~~act~~ July 1, 2006, the credits authorized by this section shall be
23 freely transferable to subsequent transferees.
24

1 F. The Oklahoma Tax Commission shall promulgate rules necessary
2 to implement this act.

3 G. 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.

12 H. For any credits calculated pursuant to subsection A of this
13 section for tax years beginning on or after January 1, 2017, the
14 amount of the credit allowed shall be equal to seventy-five percent
15 (75%) of the amount otherwise provided.

16 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.47, as
17 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
18 Section 2357.47), is amended to read as follows:

19 Section 2357.47. A. 1. Except as otherwise provided in
20 subsection D of this section, for tax years beginning after December
21 31, 2005, and ending before January 1, 2015, there shall be allowed
22 against the tax imposed by Section 2355 of this title, a credit for
23 eligible wages paid by an employer to an employee. The amount of
24 the credit shall be ten percent (10%) of the amount of the gross

1 wages paid to the employee for a period not to exceed ninety (90)
2 days but in no event shall the credit exceed Five Thousand Dollars
3 (\$5,000.00) for each employee of each taxpayer. In no event shall
4 the total credit claimed exceed Twenty-five Thousand Dollars
5 (\$25,000.00) in any one year for any taxpayer.

6 2. Except as otherwise provided by subsection D of this
7 section, for tax years beginning after December 31, 2005, and ending
8 before January 1, 2017, there shall be allowed against the tax
9 imposed by Section 2355 of this title, a credit for eligible
10 modification expenses of an employer. ~~The~~ Except as otherwise
11 provided by subsection E of this section, the amount of the credit
12 shall be fifty percent (50%) of the amount of the funds expended for
13 eligible modification expenses or new tools or equipment but in no
14 event shall the credit exceed One Thousand Dollars (\$1,000.00) for
15 eligible modification expenses incurred for any single employee. In
16 no event shall the total credit claimed exceed Ten Thousand Dollars
17 (\$10,000.00) in any year for any taxpayer.

18 3. As used in this section:

- 19 a. "employee", "employer", "maximum medical improvement",
20 "treating physician", and "wages" shall be defined as
21 in Title 85 A of the Oklahoma Statutes,
22 b. "eligible wages" means gross wages paid by an employer
23 to an employee who is injured as a result of an injury
24 which is compensable under Title 85 A of the Oklahoma

1 Statutes and which are paid beginning when the
2 employee returns to work with restricted duties as
3 provided by the employee's treating physician or an
4 independent medical examiner before the employee has
5 reached maximum medical improvement, and ending after
6 ninety (90) days or when the employee has reached
7 maximum medical improvement, and

8 c. "eligible modification expenses" means expenses
9 incurred by an employer to modify a workplace, tools
10 or equipment or to obtain new tools or equipment and
11 which are incurred by an employer solely to enable a
12 specific injured employee who is injured as a result
13 of an injury which is compensable under the Workers'
14 Compensation Act to return to work with restricted
15 duties as provided by the employee's treating
16 physician or an independent medical examiner before
17 the employee has reached maximum medical improvement,
18 and which workplace, tools or equipment are used
19 primarily by the injured employee.

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

22 C. The Oklahoma Tax Commission shall have the authority to
23 promulgate rules necessary to effectuate the purposes of this
24 section.

1 D. 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.

10 E. For any credits claimed pursuant to paragraph 2 of
11 subsection A of this section for tax years beginning on or after
12 January 1, 2017, the amount of the credit allowed shall be equal to
13 seventy-five percent (75%) of the amount otherwise provided.

14 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.104,
15 is amended to read as follows:

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

22 B. 1. Except as provided in paragraph 2 of this subsection and
23 subsection H of this section, the amount of the credit shall be
24 limited to the product of Five Hundred Dollars (\$500.00) for tax

1 year 2007 and Two Thousand Dollars (\$2,000.00) for tax year 2008 and
2 subsequent tax years and the number of miles of railroad track owned
3 or leased within this state by the eligible taxpayer as of the close
4 of the taxable year.

5 2. In tax year 2009 and subsequent tax years, a taxpayer may
6 elect to increase the limit provided in paragraph 1 of this
7 subsection to an amount equal to three times the limit specified in
8 paragraph 1 of this subsection for qualified expenditures made in
9 the tax year, provided the taxpayer may only claim one third (1/3)
10 of the credit in any one taxable period.

11 C. The credit allowed pursuant to subsection A of this section
12 but not used shall be freely transferable, by written agreement, to
13 subsequent transferees at any time during the five (5) years
14 following the year of qualification. An eligible transferee shall
15 be any taxpayer subject to the tax imposed by Section 2355 of this
16 title. The person originally allowed the credit and the subsequent
17 transferee shall jointly file a copy of the written credit transfer
18 agreement with the Oklahoma Tax Commission within thirty (30) days
19 of the transfer. The written agreement shall contain the name,
20 address and taxpayer identification number of the parties to the
21 transfer, the amount of credit being transferred, the year the
22 credit was originally allowed to the transferring person and the tax
23 year or years for which the credit may be claimed. The Tax
24 Commission shall promulgate rules to permit verification of the

1 timeliness of a tax credit claimed upon a tax return pursuant to
2 this subsection but shall not promulgate any rules which unduly
3 restrict or hinder the transfers of such tax credit. The Department
4 of Transportation shall promulgate rules to permit verification of
5 the eligibility of an eligible taxpayer's expenditures for the
6 purpose of claiming the credit. The rules shall provide for the
7 approval of qualified railroad reconstruction or replacement
8 expenditures prior to commencement of a project and provide a
9 certificate of verification upon completion of a project that uses
10 qualified railroad reconstruction or replacement expenditures. The
11 certificate of verification shall satisfy all requirements of the
12 Tax Commission pertaining to the eligibility of the person claiming
13 the credit.

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

18 E. A taxpayer who elects to increase the limitation on the
19 credit under paragraph 2 of subsection B of this section shall not
20 be granted additional credits under subsection A of this section
21 during the period of such election.

22 F. As used in this section:
23
24

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

4 2. "Eligible taxpayer" means any Class II or Class III
5 railroad; and

6 3. "Qualified railroad reconstruction or replacement
7 expenditures" means expenditures for:

- 8 a. reconstruction or replacement of railroad
9 infrastructure including track, roadbed, bridges,
10 industrial leads and track-related structures owned or
11 leased by a Class II or Class III railroad as of
12 January 1, 2006, or
- 13 b. new construction of industrial leads, switches, spurs
14 and sidings and extensions of existing sidings by a
15 Class II or Class III railroad.

16 G. 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.

1 H. For any credits calculated pursuant to subsection B of this
2 section for tax years beginning on or after January 1, 2017, the
3 amount of the credit allowed shall be equal to seventy-five percent
4 (75%) of the amount otherwise provided.

5 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.206,
6 as last amended by Section 1, Chapter 361, O.S.L. 2015 (68 O.S.
7 Supp. 2015, Section 2357.206), is amended to read as follows:

8 Section 2357.206. A. This act shall be known and may be cited
9 as the "Oklahoma Equal Opportunity Education Scholarship Act".

10 B. 1. Except as provided in subsection F of this section,
11 after August 26, 2011, there shall be allowed a credit for any
12 taxpayer who makes a contribution to an eligible scholarship-
13 granting organization. ~~The~~ Except as otherwise provided in
14 subsection M of this section, the credit shall be equal to fifty
15 percent (50%) of the total amount of contributions made during a
16 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
17 single individuals, Two Thousand Dollars (\$2,000.00) for married
18 individuals filing jointly, or One Hundred Thousand Dollars
19 (\$100,000.00) for any taxpayer which is a legal business entity
20 including limited and general partnerships, corporations, subchapter
21 S corporations and limited liability companies; provided, if total
22 credits claimed pursuant to this paragraph exceed the caps
23 established pursuant to paragraph 1 of subsection D of this section,
24 the credit shall be equal to the taxpayer's proportionate share of

1 the cap for the taxable year, as determined pursuant to subsection H
2 of this section.

3 2. For any taxpayer who makes a contribution to an eligible
4 scholarship-granting organization and makes a written commitment to
5 contribute the same amount for an additional year, the credit for
6 the first year and the additional year shall be equal to seventy-
7 five percent (75%) of the total amount of the contribution made
8 during a taxable year, not to exceed the amounts established in
9 paragraph 1 of this subsection for the taxable year in which the
10 credit provided in this subsection is claimed. The taxpayer shall
11 provide evidence of the written commitment to the Oklahoma Tax
12 Commission at the time of filing the refund claim.

13 3. The credits authorized pursuant to the provisions of this
14 subsection shall be allocable to the partners, shareholders, members
15 or other equity owners of a taxpayer that is authorized to be
16 treated as a partnership for purposes of federal income tax
17 reporting for the taxable year for which the tax credits authorized
18 by this subsection are claimed on the applicable return, together
19 with required schedules, forms or reports of the partners,
20 shareholders, members or other equity owners of the taxpayer. Tax
21 credits which are allocated to such equity owners shall only be
22 limited in amount for the income tax return of a natural person or
23 persons based upon the limitation of the total credit amount to the
24 entity from which the tax credits have been allocated and shall not

1 be limited to One Thousand Dollars (\$1,000.00) for single
2 individuals or limited to Two Thousand Dollars (\$2,000.00) for
3 married persons filing a joint return.

4 4. On or before December 31, 2017, and once every four (4)
5 years thereafter, such scholarship-granting organization and
6 educational improvement granting organization shall submit to the
7 Governor, President Pro Tempore of the Senate and the Speaker of the
8 House of Representatives, an audited financial statement for the
9 organization along with information detailing the benefits,
10 successes or failures of the program.

11 C. 1. Except as provided in ~~subsection F~~ subsections F and M
12 of this section, after August 26, 2011, there shall be allowed a
13 credit for any taxpayer who makes a contribution to an eligible
14 educational improvement grant organization. The credit shall be
15 equal to fifty percent (50%) of the total amount of contributions
16 made during a taxable year, not to exceed One Thousand Dollars
17 (\$1,000.00) for single individuals, Two Thousand Dollars (\$2,000.00)
18 for married individuals filing jointly, or One Hundred Thousand
19 Dollars (\$100,000.00) for any taxpayer which is a legal business
20 entity including limited and general partnerships, corporations,
21 subchapter S corporations and limited liability companies; provided,
22 if total credits claimed pursuant to this paragraph exceed the cap
23 established pursuant to paragraph 2 of subsection D of this section,
24 the credit shall be equal to the taxpayer's proportionate share of

1 the cap for the taxable year, as determined pursuant to subsection H
2 of this section.

3 2. For any taxpayer who makes a contribution to an eligible
4 educational improvement grant organization and makes a written
5 commitment to contribute the same amount for an additional year, the
6 credit for the first year and the additional year shall be equal to
7 seventy-five percent (75%) of the total amount of the contribution
8 made during a taxable year, not to exceed the amounts established in
9 paragraph 1 of this subsection for the taxable year in which the
10 credit provided in this subsection is claimed; provided, if total
11 credits claimed pursuant to this paragraph exceed the cap
12 established pursuant to paragraph 3 of this subsection, the credit
13 shall be equal to the taxpayer's proportionate share of the cap for
14 the taxable year, as determined pursuant to subsection H of this
15 section. The taxpayer shall provide evidence of the written
16 commitment to the Oklahoma Tax Commission at the time of filing the
17 refund claim.

18 3. The credits authorized pursuant to the provisions of this
19 subsection shall be allocable to the partners, shareholders, members
20 or other equity owners of a taxpayer that is authorized to be
21 treated as a partnership for purposes of federal income tax
22 reporting for the taxable year for which the tax credits authorized
23 by this subsection are claimed on the applicable return, together
24 with required schedules, forms or reports of the partners,

1 shareholders, members or other equity owners of the taxpayer. Tax
2 credits which are allocated to such equity owners shall only be
3 limited in amount for the income tax return of a natural person or
4 persons based upon the limitation of the total credit amount to the
5 entity from which the tax credits have been allocated and shall not
6 be limited to One Thousand Dollars (\$1,000.00) for single
7 individuals or limited to Two Thousand Dollars (\$2,000.00) for
8 married persons filing a joint return.

9 D. 1. The total credits authorized pursuant to subsection B of
10 this section for all taxpayers shall not exceed Three Million Five
11 Hundred Thousand Dollars (\$3,500,000.00) annually.

12 2. The total credits authorized pursuant to subsection C of
13 this section for all taxpayers shall not exceed One Million Five
14 Hundred Thousand Dollars (\$1,500,000.00) annually.

15 3. The cap on total credits provided for in this subsection
16 shall be allocated by the Tax Commission as provided in subsection H
17 of this section.

18 E. For credits claimed for eligible contributions made during
19 tax year 2014 and thereafter, a credit shall not be allowed by the
20 Oklahoma Tax Commission for contributions made to a scholarship-
21 granting organization or an educational improvement grant
22 organization if that organization's percentage of funds actually
23 awarded is less than ninety percent (90%). For purposes of this
24 section, the "percentage of funds actually awarded" shall be

1 determined by dividing the total amount of funds actually awarded as
2 educational scholarships or educational improvement grants over the
3 most recent twenty-four (24) months by the total amount available to
4 award as educational scholarships or educational improvement grants
5 over the most recent twenty-four (24) months.

6 F. Any tax credits which are earned by a taxpayer pursuant to
7 this section during the time period beginning on ~~the effective date~~
8 ~~of this act~~ August 26, 2011, through December 31, 2012, may not be
9 claimed for any period prior to the taxable year beginning January
10 1, 2013. No credits which accrue during the time period beginning
11 on ~~the effective date of this act~~ August 26, 2011, through December
12 31, 2012, may be used to file an amended tax return for any taxable
13 year prior to the taxable year beginning January 1, 2013.

14 G. As used in this section:

15 1. "Eligible student" means a child of school age who is
16 lawfully present in the United States and who is a member of a
17 household in which the total annual income during the preceding tax
18 year does not exceed an amount equal to three hundred percent (300%)
19 of the income standard used to qualify for a free or reduced school
20 lunch or who, during the immediately preceding school year, attended
21 or, by virtue of the location of such student's place of residence,
22 was eligible to attend a public school in this state which has been
23 identified for school improvement as determined by the State Board
24 of Education pursuant to the requirements of the No Child Left

1 Behind Act of 2001, P.L. No. 107-110. Once a student has received
2 an educational scholarship, as defined in paragraph 3 of this
3 subsection, the student and any siblings who are members of the same
4 household shall remain eligible until they graduate from high school
5 or reach twenty-one (21) years of age, whichever occurs first;

6 2. "Eligible special needs student" means a child who has been
7 provided services under an Individual Family Service Plan through
8 the SoonerStart program and during transition was evaluated and
9 determined to be eligible for school district services, a child of
10 school age who has attended public school in our state with an
11 individualized education program pursuant to the Individuals With
12 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a
13 child who has been diagnosed by a clinical professional as having a
14 significant disability that will affect learning and who has been
15 approved by the board of a scholarship-granting organization;

16 3. "Educational scholarships" means:

17 a. scholarships to an eligible student of up to Five
18 Thousand Dollars (\$5,000.00) or eighty percent (80%)
19 of the statewide annual average per-pupil expenditure
20 as determined by the National Center for Education
21 Statistics, U.S. Department of Education, whichever is
22 greater, to cover all or part of the tuition, fees and
23 transportation costs of a qualified school which is
24 accredited by the State Board of Education or an

1 accrediting association approved by the Board pursuant
2 to Section 3-104 of Title 70 of the Oklahoma Statutes,
3 b. scholarships to an eligible student of up to Five
4 Thousand Dollars (\$5,000.00) or eighty percent (80%)
5 of the statewide annual average per-pupil expenditure
6 as determined by the National Center for Education
7 Statistics, U.S. Department of Education, whichever is
8 greater, to cover the educational costs of a qualified
9 school which does not charge tuition, which enrolls
10 special populations of students and which is
11 accredited by the State Board of Education or an
12 accrediting association approved by the Board pursuant
13 to Section 3-104 of Title 70 of the Oklahoma Statutes,
14 or
15 c. scholarships to an eligible special needs student of
16 up to Twenty-five Thousand Dollars (\$25,000.00) to
17 cover all or part of the tuition, fees and
18 transportation costs of a qualified school for
19 eligible special needs students which is accredited by
20 the State Board of Education or an accrediting
21 association approved by the Board pursuant to Section
22 3-104 of Title 70 of the Oklahoma Statutes;
23
24

1 4. "Low-income eligible student" means an eligible student or
2 eligible special needs student who qualifies for a free or reduced-
3 price lunch;

4 5. "Qualified school" means an early childhood, elementary or
5 secondary private school in this state, including schools which
6 provide special educational programs for three-year-olds or
7 prekindergarten educational programs for four-year-olds, which:

- 8 a. is accredited by the State Board of Education or an
9 accrediting association approved by the Board pursuant
10 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 11 b. is in compliance with all applicable health and safety
12 laws and codes,
- 13 c. has a stated policy against discrimination in
14 admissions on the basis of race, color, national
15 origin or disability, and
- 16 d. ensures academic accountability to parents and
17 guardians of students through regular progress
18 reports;

19 6. "Qualified school for eligible special needs students" means
20 an early childhood, elementary or secondary private school in a
21 county in this state, including schools which provide special
22 educational programs for three-year-olds or prekindergarten
23 educational programs for four-year-olds;

24

1 7. "Scholarship-granting organization" means an organization
2 which:

- 3 a. is a nonprofit entity exempt from taxation pursuant to
4 the provisions of the Internal Revenue Code, 26
5 U.S.C., Section 501(c)(3),
- 6 b. distributes periodic scholarship payments as checks
7 made out to an eligible student's or eligible special
8 needs student's parent or guardian and mailed to the
9 qualified school where the student is enrolled,
- 10 c. spends no more than ten percent (10%) of its annual
11 revenue on expenditures other than educational
12 scholarships as defined in paragraph 3 of this
13 subsection,
- 14 d. spends each year a portion of its expenditures on
15 educational scholarships for low-income eligible
16 students, as defined in paragraph 4 of this
17 subsection, in an amount equal to or greater than the
18 percentage of low-income eligible students in the
19 state,
- 20 e. ensures that scholarships are portable during the
21 school year and can be used at any qualified school
22 that accepts the eligible student or at any qualified
23 school for special needs students that accepts the
24 eligible special needs student,

1 f. registers with the Oklahoma Tax Commission as a
2 scholarship-granting organization, and

3 g. has policies in place to:

4 (1) carry out criminal background checks on all
5 employees and board members to ensure that no
6 individual is involved with the organization who
7 might reasonably pose a risk to the appropriate
8 use of contributed funds, and

9 (2) maintain full and accurate records with respect
10 to the receipt of contributions and expenditures
11 of those contributions and supply such records
12 and any other documentation required by the Tax
13 Commission to demonstrate financial
14 accountability;

15 8. "Annual revenue" means the total amount or value of
16 contributions received by an organization from taxpayers awarded
17 credits during the organization's fiscal year and all amounts earned
18 from interest or investments;

19 9. "Public school" means public schools as defined in Section
20 1-106 of Title 70 of the Oklahoma Statutes;

21 10. "Eligible school" means any public school that is not
22 located within a ten-mile radius of a qualified school in this
23 state, or any public school that is located within a ten-mile radius
24 of a qualified school in this state but offers grade-level

1 instruction different from the qualified school or any public school
2 located within a public school district with fewer than four
3 thousand five hundred (4,500) students;

4 11. "Early childhood education program" means a special
5 educational program for eligible special needs students who are
6 three (3) years of age or a prekindergarten educational program
7 provided to children who are at least four (4) years of age but not
8 more than five (5) years of age on or before September 1;

9 12. "Innovative educational program" means an advanced academic
10 or academic improvement program that is not part of the regular
11 coursework of a public school but that enhances the curriculum or
12 academic program of the school or provides early childhood education
13 programs to students;

14 13. "Educational improvement grant" means a grant to an
15 eligible public school to implement an innovative educational
16 program for students, including the ability for multiple public
17 schools to make an application and be awarded a grant to jointly
18 provide an innovative educational program; and

19 14. "Educational improvement grant organization" means an
20 organization which:

- 21 a. is a nonprofit entity exempt from taxation pursuant to
22 the provisions of the Internal Revenue Code, 26
23 U.S.C., Section 501(c)(3), and
24

1 b. contributes at least ninety percent (90%) of its
2 annual receipts as grants to eligible schools for
3 innovative educational programs. For purposes of this
4 subparagraph, an educational improvement grant
5 organization contributes its annual cash receipts when
6 it expends or otherwise irrevocably encumbers those
7 funds for expenditure during the then current fiscal
8 year of the organization or during the next succeeding
9 fiscal year of the organization.

10 H. Total credits authorized by this section shall be allocated
11 as follows:

12 1. By January 10 of the year immediately following each
13 calendar year, a scholarship-granting organization or an educational
14 improvement grant organization which accepts contributions pursuant
15 to this section shall provide electronically to the Tax Commission
16 information on each contribution accepted during such taxable year.
17 At least once each taxable year, the scholarship-granting
18 organization or the educational improvement grant organization shall
19 notify each contributor that Oklahoma law provides for a total,
20 statewide cap on the amount of income tax credits allowed annually;

21 2. a. If the Tax Commission determines the total combined
22 credits claimed for contributions made to scholarship-
23 granting organizations during the most recently
24 completed calendar year by all taxpayers are in excess

1 of the statewide caps provided in paragraph 1 of
2 subsection D of this section, the Tax Commission shall
3 determine the percentage of the contribution which
4 establishes the proportionate share of the credit
5 which may be claimed by any taxpayer so that the
6 maximum credits authorized by this section are not
7 exceeded.

8 b. If the Tax Commission determines the total combined
9 credits claimed for contributions made to educational
10 improvement grant organizations during the most
11 recently completed calendar year by all taxpayers are
12 in excess of the statewide caps provided in paragraph
13 2 of subsection D of this section, the Tax Commission
14 shall determine the percentage of the contribution
15 which establishes the proportionate share of the
16 credit which may be claimed by any taxpayer so that
17 the maximum credits authorized by this section are not
18 exceeded; and

19 3. The Tax Commission shall publish the percentage of the
20 contribution which may be claimed as a credit by contributors for
21 the most recently completed calendar year on the Tax Commission
22 website no later than February 15 of each calendar year for
23 contributions made the previous year. Each scholarship-granting
24

1 organization or educational improvement grant organization shall
2 notify contributors of that amount annually.

3 I. The credit authorized by this section shall not be used to
4 reduce the tax liability of the taxpayer to less than zero (0).

5 J. Any credits allowed but not used in any tax year may be
6 carried over, in order, to each of the three (3) years following the
7 year of qualification.

8 K. 1. In order to qualify under this section, an educational
9 improvement grant organization shall submit an application with
10 information to the Oklahoma Tax Commission on a form prescribed by
11 the Tax Commission that:

12 a. enables the Tax Commission to confirm that the
13 organization is a nonprofit entity exempt from
14 taxation pursuant to the provisions of the Internal
15 Revenue Code, 26 U.S.C., Section 501(c)(3), and

16 b. describes the proposed innovative educational program
17 or programs supported by the organization.

18 2. The Tax Commission shall review and approve or disapprove
19 the application, in consultation with the State Department of
20 Education.

21 3. In order to maintain eligibility under this section, an
22 educational improvement grant organization shall annually report the
23 following information to the Tax Commission by September 1 of each
24 year:

- 1 a. the name of the innovative educational program or
2 programs and the total amount of the grant or grants
3 made to those programs during the immediately
4 preceding school year,
- 5 b. a description of how each grant was utilized during
6 the immediately preceding school year and a
7 description of any demonstrated or expected innovative
8 educational improvements,
- 9 c. the names of the public school and school districts
10 where innovative educational programs that received
11 grants during the immediately preceding school year
12 were implemented,
- 13 d. where the organization collects information on a
14 county-by-county basis, and
- 15 e. the total number and total amount of grants made
16 during the immediately preceding school year for
17 innovative educational programs at public school by
18 each county in which the organization made grants.

19 4. The information required under paragraph 3 of this
20 subsection shall be submitted on a form provided by the Tax
21 Commission. No later than May 1 of each year, the Tax Commission
22 shall annually distribute sample forms together with the forms on
23 which the reports are required to be made to each approved
24 organization.

1 5. The Tax Commission shall not require any other information
2 be provided by an organization, except as expressly authorized in
3 this section.

4 L. In consultation with the State Department of Education, the
5 Tax Commission shall promulgate rules necessary to implement this
6 act. The rules shall include procedures for the registration of a
7 scholarship-granting organization or an educational improvement
8 grant organization for purposes of determining if the organization
9 meets the requirements of this act or for the revocation of the
10 registration of an organization, if applicable, and for notice as
11 required in subsection H of this section.

12 M. For any credits calculated pursuant to subsections B and C
13 of this section for tax years beginning on or after January 1, 2017,
14 the amount of the credit allowed shall be equal to seventy-five
15 percent (75%) of the amount otherwise provided.

16 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.302,
17 as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
18 2015, Section 2357.302), is amended to read as follows:

19 Section 2357.302. A. Except as provided in subsection F of
20 this section, for taxable years beginning after December 31, 2008,
21 and ending before January 1, 2018, a qualified employer shall be
22 allowed a credit against the tax imposed pursuant to Section 2355 of
23 this title for tuition reimbursed to a qualified employee.
24

1 B. The credit authorized by subsection A of this section may be
2 claimed only if the qualified employee has been awarded an
3 undergraduate or graduate degree within one (1) year of commencing
4 employment with the qualified employer.

5 C. The Except as otherwise provided pursuant to subsection G of
6 this section, the credit authorized by subsection A of this section
7 shall be in the amount of fifty percent (50%) of the tuition
8 reimbursed to a qualified employee for the first through fourth
9 years of employment. In no event shall this credit exceed fifty
10 percent (50%) of the average annual amount paid by a qualified
11 employee for enrollment and instruction in a qualified program at a
12 public institution in Oklahoma.

13 D. The credit authorized by subsection A of this section shall
14 not be used to reduce the tax liability of the qualified employer to
15 less than zero (0).

16 E. No credit authorized by this section shall be claimed after
17 the fourth year of employment.

18 F. No credit otherwise authorized by the provisions of this
19 section may be claimed for any event, transaction, investment,
20 expenditure or other act occurring on or after July 1, 2010, for
21 which the credit would otherwise be allowable. The provisions of
22 this subsection shall cease to be operative on July 1, 2011.
23 Beginning July 1, 2011, the credit authorized by this section may be
24 claimed for any event, transaction, investment, expenditure or other

1 act occurring on or after July 1, 2011, according to the provisions
2 of this section.

3 G. For any credits calculated pursuant to subsection C of this
4 section for tax years beginning on or after January 1, 2017, the
5 amount of the credit allowed shall be equal to seventy-five percent
6 (75%) of the amount otherwise provided.

7 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.303,
8 as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
9 2015, Section 2357.303), is amended to read as follows:

10 Section 2357.303. A. Except as provided in subsection F of
11 this section, for taxable years beginning after December 31, 2008,
12 and ending before January 1, 2018, a qualified employer shall be
13 allowed a credit against the tax imposed pursuant to Section 2355 of
14 this title for compensation paid to a qualified employee.

15 B. ~~The~~ Except as otherwise provided in subsection G of this
16 section, the credit authorized by subsection A of this section shall
17 be in the amount of:

18 1. Ten percent (10%) of the compensation paid for the first
19 through fifth years of employment in the aerospace sector if the
20 qualified employee graduated from an institution located in this
21 state; or

22 2. Five percent (5%) of the compensation paid for the first
23 through fifth years of employment in the aerospace sector if the
24

1 qualified employee graduated from an institution located outside
2 this state.

3 C. The credit authorized by this section shall not exceed
4 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
5 employee annually.

6 D. The credit authorized by this section shall not be used to
7 reduce the tax liability of the qualified employer to less than zero
8 (0).

9 E. No credit authorized pursuant to this section shall be
10 claimed after the fifth year of employment.

11 F. 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 July 1, 2010, for
14 which the credit would otherwise be allowable. The provisions of
15 this subsection shall cease to be operative on July 1, 2011.
16 Beginning July 1, 2011, the credit authorized by this section may be
17 claimed for any event, transaction, investment, expenditure or other
18 act occurring on or after July 1, 2011, according to the provisions
19 of this section.

20 G. For any credits calculated pursuant to subsection B of this
21 section for tax years beginning on or after January 1, 2017, the
22 amount of credit allowed shall be equal to seventy-five percent
23 (75%) of the amount otherwise allowed.
24

1 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.304,
2 as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
3 2015, Section 2357.304), is amended to read as follows:

4 Section 2357.304. A. Except as provided in ~~subsection D~~
5 subsections D and E of this section, for taxable years beginning
6 after December 31, 2008, and ending before January 1, 2018, a
7 qualified employee shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title of up to Five Thousand
9 Dollars (\$5,000.00) per year for a period of time not to exceed five
10 (5) years.

11 B. The credit authorized by this section shall not be used to
12 reduce the tax liability of the taxpayer to less than zero (0).

13 C. Any credit claimed, but not used, may be carried over, in
14 order, to each of the five (5) subsequent taxable years.

15 D. 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. The provisions of
19 this subsection shall cease to be operative on July 1, 2011.

20 Beginning July 1, 2011, 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, 2011, according to the provisions
23 of this section.
24

1 E. For any credits calculated pursuant to subsection A of this
2 section for tax years beginning on or after January 1, 2017, the
3 amount of credit allowed shall be equal to seventy-five percent
4 (75%) of the amount otherwise provided.

5 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.401,
6 as amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp.
7 2015, Section 2357.401), is amended to read as follows:

8 Section 2357.401. A. Except as otherwise provided by
9 subsections B ~~and~~, C and F of this section, for taxable years
10 beginning January 1, 2009, and ending before January 1, 2017, there
11 shall be allowed a credit against the tax imposed pursuant to
12 Section 2355 of this title in the amount of all electronic funds
13 transfers fees paid by an individual or entity pursuant to Section
14 2-503.1j of Title 63 of the Oklahoma Statutes.

15 B. For any fees paid by a person or entity for the taxable year
16 beginning January 1, 2009, the credit otherwise authorized by this
17 section shall not be claimed for an individual prior to January 1,
18 2011. Subject to the requirements of this subsection, an individual
19 taxpayer shall be able to claim the credit authorized by this
20 section for all fees paid during the tax year ending December 31,
21 2009, and the tax year ending December 31, 2010, on the income tax
22 return filed for the tax year ending December 31, 2010.

23 C. For any fees paid by an entity other than a natural person
24 for the taxable year beginning January 1, 2009, the credit otherwise

1 authorized by this section shall not be claimed on an income tax
2 return prior to January 1, 2011. Subject to the requirements of
3 this subsection, an entity other than a natural person shall be able
4 to claim the credit authorized by this section for all fees paid
5 during a tax year ending at any time during calendar year 2009 and
6 for all fees paid during calendar year 2010 on the income tax return
7 filed for the tax year ending not later than December 31, 2010.

8 D. The credit authorized by this section shall not be used to
9 reduce the income tax liability of the taxpayer to less than zero
10 (0).

11 E. To the extent not used in any taxable year, the credit
12 authorized by this section may be carried over, in order, to each of
13 the five (5) succeeding taxable years.

14 F. For any credits calculated pursuant to subsection A of this
15 section for tax years beginning on or after January 1, 2017, the
16 amount of credit allowed shall be equal to seventy-five percent
17 (75%) of the amount otherwise provided.

18 SECTION 17. AMENDATORY Section 1, Chapter 421, O.S.L.
19 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as
20 follows:

21 Section 2357.403. A. This act shall be known and may be cited
22 as the "Oklahoma Affordable Housing Act".

23 B. As used in this section:
24

1 1. "Allocation year" means the year for which the Oklahoma
2 Housing Finance Agency allocates credits pursuant to this section;

3 2. "Eligibility statement" means a statement authorized and
4 issued by the Oklahoma Housing Finance Agency certifying that a
5 given project qualifies for the Oklahoma Affordable Housing Tax
6 Credit authorized by this section. The Oklahoma Housing Finance
7 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
8 36, Affordable Housing Tax Credit Program Rules, shall promulgate
9 rules establishing criteria upon which the eligibility statements
10 will be issued. The eligibility statement shall specify the amount
11 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
12 project. The Oklahoma Housing Finance Agency shall only authorize
13 the tax credits created by this section to qualified projects which
14 are placed in service after July 1, 2015, but which shall not be
15 used to reduce tax liability accruing prior to January 1, 2016;

16 3. "Federal low-income housing tax credit" means the federal tax
17 credit as provided in Section 42 of the Internal Revenue Code of
18 1986, as amended;

19 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
20 created by this section;

21 5. "Qualified project" means a qualified low-income building as
22 that term is defined in Section 42 of the Internal Revenue Code of
23 1986, as amended, which is located in this state in a county with a
24

1 population of less than one hundred fifty thousand (150,000)
2 according to the latest Federal Decennial Census; and

3 6. "Taxpayer" means a person, firm or corporation subject to the
4 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
5 this title or an insurance company subject to the tax imposed by
6 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other
7 financial institution subject to the tax imposed by Section 2370 of
8 ~~Title 68 of the Oklahoma Statutes~~ this title.

9 C. ~~For~~ Except as otherwise provided in subsection L of this
10 section, for qualified projects placed in service after July 1, 2015,
11 the amount of state tax credits created by this section which are
12 allocated to a project shall be equal to that of the federal low-
13 income housing tax credits for a qualified project. The total
14 Oklahoma Affordable Housing Tax Credits allocated to all qualified
15 projects for an allocation year shall not exceed Four Million Dollars
16 (\$4,000,000.00). For purposes of this section, the "credit period"
17 shall mean the period of ten (10) taxable years and "placed in
18 service" shall have the same meaning as is applicable under the
19 federal credit program.

20 D. A taxpayer owning an interest in an investment in a qualified
21 project shall be allowed Oklahoma Affordable Housing Tax Credits
22 under this section for tax years beginning on or after January 1,
23 2016, if the Oklahoma Housing Finance Agency issues an eligibility
24 statement for such project, which tax credit shall be allocated

1 among some or all of the partners, members or shareholders of the
2 taxpayer owning such interest in any manner agreed to by such
3 partners, members or shareholders. Such taxpayer may assign its
4 interest in the investment.

5 E. An insurance company claiming a credit against state premium
6 tax or retaliatory tax or any other tax imposed by Section 624 or 628
7 of Title 36 of the Oklahoma Statutes shall not be required to pay
8 any additional retaliatory tax under Section 628 of Title 36 of the
9 Oklahoma Statutes as a result of claiming the credit. The credit
10 may fully offset any retaliatory tax imposed by Section 628 of Title
11 36 of the Oklahoma Statutes.

12 F. The credit authorized by this section shall not be used to
13 reduce the tax liability of the taxpayer to less than zero (\$0.00).

14 G. Any credit claimed but not used in a taxable year may be
15 carried forward to each of the five (5) subsequent taxable years.

16 H. The owner of a qualified project eligible for the credit
17 authorized by this section shall submit, at the time of filing the
18 tax return with the Oklahoma Tax Commission, an eligibility
19 statement from the Oklahoma Housing Finance Agency. In the case of
20 failure to attach the eligibility statement, no credit under this
21 section shall be allowed with respect to such project for that year
22 until required documents are provided to the Tax Commission.

23 I. If under Section 42 of the Internal Revenue Code of 1986, as
24 amended, a portion of any federal low-income housing credits taken on

1 a qualified project is required to be recaptured during the first ten
2 (10) years after a project is placed in service, the taxpayer
3 claiming Oklahoma Affordable Housing Tax Credits with respect to such
4 project shall also be required to recapture a portion of such
5 credits. The amount of Oklahoma Affordable Housing Tax Credits
6 subject to recapture shall be proportionally equal to the amount of
7 federal low-income housing credits subject to recapture.

8 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
9 Commission may require the filing of additional documentation
10 necessary to determine the accuracy of a tax credit claimed.

11 K. The Oklahoma Affordable Housing Act shall undergo a review
12 every five (5) years by a committee of nine (9) persons, to be
13 appointed three persons each by the Governor, President Pro Tempore of
14 the Oklahoma State Senate and the Speaker of the Oklahoma House of
15 Representatives.

16 L. For any credits calculated pursuant to subsection C of this
17 section for tax years beginning on or after January 1, 2017, the
18 amount of credit allowed shall be equal to seventy-five percent
19 (75%) of the amount otherwise provided.

20 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2358.7, as
21 amended by Section 2, Chapter 161, O.S.L. 2012 (68 O.S. Supp. 2015,
22 Section 2358.7), is amended to read as follows:

23 Section 2358.7. A. For Except as otherwise provided by
24 subsection G of this section, for taxable years beginning after

1 December 31, 2004, there shall be allowed as a credit against the
2 tax imposed pursuant to Section 2355 of this title an amount equal
3 to:

4 1. Two Hundred Dollars (\$200.00) each year for which a
5 volunteer firefighter provides proof of certification as required by
6 subsection B of this section; and

7 2. Four Hundred Dollars (\$400.00) each year following the
8 taxable years for which a taxpayer is eligible for the credit
9 provided by paragraph 1 of this subsection for a volunteer
10 firefighter providing proof of certification as required by
11 subsection D of this section.

12 B. In order to claim the tax credit authorized by paragraph 1
13 of subsection A of this section, a volunteer firefighter shall be
14 required to provide adequate documentation to the Oklahoma Tax
15 Commission of at least twelve (12) credited hours toward the State
16 Support or State Basic Firefighter or Firefighter I from an
17 internationally recognized accrediting assembly or board, their
18 equivalent, or other related fire or emergency medical services
19 training approved by the Council on Firefighter Training and offered
20 by Oklahoma State University Fire Service Training or Oklahoma
21 Department of Career and Technology Education prior to or during the
22 first taxable year for which a tax credit is claimed pursuant to
23 paragraph 1 of subsection A of this section. For the purpose of
24 this subsection, the local fire chief shall be the authority having

1 jurisdiction and shall choose and approve all volunteer firefighter
2 training in the applicable department.

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 State Support or State Basic Firefighter or Firefighter
10 I from an internationally recognized accrediting assembly or board,
11 their equivalent, or other related fire or emergency medical
12 services training approved by the Council on Firefighter Training
13 until such program or its equivalent is completed. For purposes of
14 this subsection, equivalency shall be determined by the Oklahoma
15 Council on Firefighter Training and Oklahoma State University Fire
16 Service Training. For purposes of this subsection, Firefighter I or
17 Firefighter II certifications or their equivalents may be provided
18 in lieu of the State Support or State Basic Firefighter completion.

19 D. After having completed the State Support or State Basic
20 Firefighter program, in order to be eligible for the tax credit
21 authorized by paragraph 2 of subsection A of this section, the
22 volunteer firefighter shall:

23 1. Complete at least six (6) hours of continuing education each
24 year until the volunteer firefighter completes Intermediate or

1 Advanced Firefighter or Firefighter I from an internationally
2 recognized accrediting assembly or board, their equivalent, or other
3 related fire or emergency medical services training approved by the
4 Council on Firefighter Training or its equivalent. For purposes of
5 this paragraph, equivalency shall be determined by the Oklahoma
6 Council on Firefighter Training and Oklahoma State University Fire
7 Service Training;

8 2. After completion of Intermediate or Advanced Firefighter or
9 Firefighter I from an internationally recognized accrediting
10 assembly or board, their equivalent, or other related fire or
11 emergency medical services training approved by the Council on
12 Firefighter Training, the volunteer firefighter shall complete six
13 (6) hours of training per year to claim the tax credit. For the
14 purpose of this subsection, the local fire chief shall be the
15 authority having jurisdiction and shall choose and approve all
16 volunteer firefighter training in the applicable department;

17 3. Provide documentation from the fire chief of the applicable
18 department that the firefighter has been provided and participated
19 in all annual training as required by federal and state authorities;
20 and

21 4. Provide documentation from the fire chief of the applicable
22 department that the volunteer firefighter has met the requirements
23 under the fire department's constitution and bylaws and is a member
24 in good standing of the department together with a record of the

1 total number of years of service in good standing with such
2 department.

3 E. The Office of the State Fire Marshal and the Oklahoma
4 Council on Firefighter Training shall prescribe a reporting form for
5 use by volunteer fire departments and by volunteer firefighters in
6 order to provide the certifications required by this section.

7 F. The Oklahoma Tax Commission may require copies of such
8 reporting form provided by the Oklahoma Council on Firefighter
9 Training regarding training history to verify eligibility for the
10 tax credits provided by this section.

11 G. For any credits calculated pursuant to subsection A of this
12 section for tax years beginning on or after January 1, 2017, the
13 amount of credit allowed shall be equal to seventy-five percent
14 (75%) of the amount otherwise provided.

15 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2370, as
16 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015,
17 Section 2370), is amended to read as follows:

18 Section 2370. A. For taxable years beginning after December
19 31, 1989, for the privilege of doing business within this state,
20 every state banking association, national banking association and
21 credit union organized under the laws of this state, located or
22 doing business within the limits of the State of Oklahoma shall
23 annually pay to this state a privilege tax at the rate of six
24

1 percent (6%) of the amount of the taxable income as provided in this
2 section.

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

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

17 3. Personal property which is subject to a lease agreement
18 between a bank or credit union, as lessor, and a nonbanking business
19 entity or individual, as lessee, is not exempt from personal
20 property ad valorem taxation. Provided further, that it shall be
21 the duty of the lessee of such personal property to return sworn
22 lists or schedules of their taxable property within each county to
23 the county assessor of such county as provided in Sections 2433 and
24 2434 of this title.

1 C. Any tax levied under this section shall accrue on the last
2 day of the taxable year and be payable as provided in Section 2375
3 of this title. The accrual of such tax for the first taxable year
4 to which this act applies, shall apply notwithstanding the prior
5 accrual of a tax in the same taxable year based upon the net income
6 of the next preceding taxable year; provided, however, any
7 additional deduction enuring to the benefit of the taxpayer shall be
8 deducted in accordance with the optional transitional deduction
9 procedures in Section 2354 of this title.

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

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

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

1 and obligations of the State of Oklahoma or political subdivisions
2 thereof.

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

22 2. 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.

7 3. For any credits calculated pursuant to paragraph 1 of this
8 subsection for tax years beginning on or after January 1, 2017, the
9 amount of credit allowed shall be equal to seventy-five percent
10 (75%) of the amount otherwise provided.

11 SECTION 20. This act shall become effective November 1, 2016.

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