STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1437 By: Standridge

AS INTRODUCED

An Act relating to income tax credits; amending 68 O.S. 2011, Section 2357.46, which relates to credits for construction of energy efficient residential property; providing for exception; modifying value of credits claimed for specified tax years; and providing effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.46, is amended to read as follows:

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

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

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

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

B. As used in this section:

1. "Eligible expenditure" means any:

a. energy efficient heating or cooling system,

b. insulation material or system which is specifically and primarily designed to reduce the heat gain or loss of a residential property when installed in or on such property,

c. exterior windows, including skylights,

d. exterior doors, and

e. any metal roof installed on a residential property, but only if such roof has appropriate pigmented coatings which are specifically and primarily designed

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

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

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

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

(1) a level of annual heating and cooling energy consumption which is at least forty percent (40%) below the annual level of heating and cooling energy consumption of a comparable residential property constructed in accordance with the standards of Chapter 4 of the 2003 International Energy Conservation Code, as such code is in effect on the effective date of this act,

(2) heating and cooling equipment efficiencies which correspond to the minimum allowed under the

regulations established by the Department of Energy pursuant to the National Appliance Energy Conservation Act of 1987 and in effect at the time of construction of the property, and

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

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

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

(2) heating and cooling equipment efficiencies which correspond to the minimum allowed under the regulations established by the Department of

Energy pursuant to the National Appliance Energy Conservation Act of 1987 and in effect at the time of construction of the property, and

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

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

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

E. For credits earned on or after the effective date of this act, the credits authorized by this section shall be freely transferable to subsequent transferees.

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

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

expenditure or other act occurring on or after July 1, 2010 for which the credit would otherwise be allowable. The provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2012, according to the provisions of this section.

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

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

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