

1 ENGROSSED SENATE  
2 BILL NO. 323

By: Mazzei of the Senate

3 and

4 Sears of the House

5  
6 [ income and premium taxes - limiting time period  
7 during which credit may be claimed - effective date ]  
8

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

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

12 Section 2-11-303. A. ~~Except~~ For tax years ending before  
13 January 1, 2016, and except as otherwise provided in subsection C of  
14 this section, any person, firm, corporation or other legal entity  
15 engaged, or proposing to engage, in the recycling, reuse or source  
16 reduction of any hazardous waste, the processing of which is  
17 certified as provided in Section 2-11-305 of this title, shall be  
18 entitled to a one-time credit against its income tax liability, as  
19 provided in Section 2-11-304 of this title, of not to exceed twenty  
20 percent (20%) of the net investment cost of equipment and  
21 installation of processes used for the recycling, reuse, or source  
22 reduction of hazardous waste. Provided, that:  
23  
24

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

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

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

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

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

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

16       C. No credit otherwise authorized by the provisions of this  
17 section may be claimed for any event, transaction, investment,  
18 expenditure or other act occurring ~~on or after~~ during the time  
19 period beginning on July 1, 2010, and ending on June 30, 2012, for  
20 which the credit would otherwise be allowable. ~~The provisions of~~  
21 ~~this subsection shall cease to be operative on July 1, 2012.~~

22 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
23 may be claimed for any event, transaction, investment, expenditure  
24 or other act occurring ~~on or after~~ during the time period beginning

1 on July 1, 2012 and ending on December 31, 2015, according to the  
2 provisions of this section.

3 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357, is  
4 amended to read as follows:

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

7 B. 1. ~~There~~ For tax years ending before January 1, 2016, there  
8 shall be allowed as a credit against the tax imposed by Section 2355  
9 of this title the amount of tax paid another state by a resident  
10 individual, as defined in paragraph 4 of Section 2353 of this title,  
11 upon income received as compensation for personal services in such  
12 other state; provided, such credit shall not be allowed with respect  
13 to any income specified in Section 114 of Title 4 of the United  
14 States Code, 4 U.S.C., Section 114, upon which a state is prohibited  
15 from imposing an income tax. The credit shall not exceed such  
16 proportion of the tax payable under Section 2355 of this title as  
17 the compensation for personal services subject to tax in the other  
18 state and also taxable under Section 2355 of this title bears to the  
19 Oklahoma adjusted gross income as defined in paragraph 13 of Section  
20 2353 of this title.

21 2. For tax years beginning after December 31, 2007 and ending  
22 before January 1, 2016, there shall be allowed to a resident  
23 individual or part-year resident individual or nonresident  
24 individual member of the Armed Forces as a credit against the tax

1 imposed by Section 2355 of this title twenty percent (20%) of the  
2 credit for child care expenses allowed under the Internal Revenue  
3 Code of the United States or five percent (5%) of the child tax  
4 credit allowed under the Internal Revenue Code, whichever amount is  
5 greater. Neither credit authorized by this paragraph shall exceed  
6 the tax imposed by Section 2355 of this title. The maximum child  
7 care credit allowable on the Oklahoma income tax return shall be  
8 prorated on the ratio that Oklahoma adjusted gross income bears to  
9 the federal adjusted gross income. The credit authorized by this  
10 paragraph shall not be claimed by any taxpayer if the federal  
11 adjusted gross income reflected on the Oklahoma return for the  
12 taxpayer is in excess of One Hundred Thousand Dollars (\$100,000.00).

13 C. 1. ~~Except~~ For tax years ending before January 1, 2016, and  
14 except as otherwise provided by paragraph 3 of this subsection,  
15 every taxpayer who operates a manufacturing establishment in the  
16 state shall be allowed a direct credit against income taxes owed by  
17 such taxpayer to the state, the amount of which credit shall be  
18 proportioned to the amount of gas used or consumed in Oklahoma by  
19 such taxpayer in the operation of a manufacturing establishment, at  
20 a rate of three (3) mills per thousand (1,000) cubic feet of gas  
21 used or consumed after May 1, 1971, and during each taxable year of  
22 such taxpayer provided that the credit allowed herein shall not  
23 apply to the first twenty-five thousand (25,000) MCF of gas used or  
24

1 gas used to generate electricity or consumed after May 1, 1971, and  
2 during each taxable year of such taxpayer.

3 2. As used in this subsection:

4 a. "manufacturing establishment" means a plant or  
5 establishment which engages in the business of working  
6 raw materials into wares suitable for use or which  
7 gives new shapes, new qualities or new combinations to  
8 matter which has already gone through some artificial  
9 process,

10 b. "gas used or consumed" shall include all natural or  
11 casinghead gas used in the operation of the  
12 manufacturing establishment for whatever purposes, but  
13 shall not include the following:

14 (1) gas which, after being severed from the earth, is  
15 subsequently injected into a formation in the  
16 state for the purpose of storing, recycling,  
17 repressuring or pressure maintenance,

18 (2) gas vented or flared directly into the  
19 atmosphere,

20 (3) gas used for fuel in connection with the  
21 operation and development for or production of  
22 oil or gas in the field where produced, and

23 (4) gas, any part of which is resold by the  
24 manufacturing establishment, except as to that

1 part and quantity of the gas which is actually  
2 used by the establishment and not resold, and

3 c. "one thousand (1,000) cubic feet of gas" (MCF) means  
4 that quantity of gas which, measured at a pressure of  
5 fifteen and twenty-five thousandths (15.025) pounds  
6 per square inch absolute and at a temperature of  
7 sixty-nine (69) degrees Fahrenheit, would have the  
8 volume of one thousand (1,000) cubic feet.

9 3. No credit otherwise authorized by the provisions of this  
10 subsection may be claimed for any event, transaction, investment,  
11 expenditure or other act occurring ~~on or after~~ during the time  
12 period beginning on July 1, 2010, and ending on June 30, 2012, for  
13 which the credit would otherwise be allowable. ~~The provisions of~~  
14 ~~this paragraph shall cease to be operative on July 1, 2012.~~  
15 ~~Beginning July 1, 2012, the~~ The credit authorized by this subsection  
16 may be claimed for any event, transaction, investment, expenditure  
17 or other act occurring ~~on or after~~ during the time period beginning  
18 on July 1, 2012 and ending on December 31, 2015, according to the  
19 provisions of this subsection.

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

24 1. Those credits provided in this section; and

1        2. Those credits authorized by Sections 2-5-101 through ~~2-5-118~~  
2        2-5-117 of Title 27A of the Oklahoma Statutes, which have been, or  
3        may hereafter be, certified pursuant to applications therefor made  
4        on or before March 22, 1971. Provided, the total amount of the  
5        credits referred to in this subparagraph to be taken by the taxpayer  
6        shall not exceed the certified net investment cost of the facilities  
7        or processes to which such credits pertain, reduced by the greater  
8        of:

- 9            a. the reduction in federal income tax of taxpayer as the  
10            result of deducting depreciation on such facilities or  
11            processes, or deducting nondepreciable costs for which  
12            credit has been so certified, or  
13            b. the increase in the amount of Oklahoma income tax that  
14            would result if taxable income were increased by the  
15            amount deducted as set forth in subparagraph a of this  
16            paragraph.

17        And, provided further, that, after such credits have been  
18        exhausted, taxpayer shall each year thereafter adjust taxable income  
19        by adding any depreciation taken on such facilities or processes, or  
20        any nondepreciable costs having been included in the net investment  
21        cost allowed as credit, and which depreciation or costs have been  
22        allowed as a deduction in arriving at federal taxable income for  
23        such year.

1       SECTION 3.       AMENDATORY       68 O.S. 2011, Section 2357.4, is  
2 amended to read as follows:

3       Section 2357.4. A. Except as otherwise provided in subsection  
4 F of Section 3658 of this title and in subsection J of this section,  
5 for taxable years beginning after December 31, 1987, and ending  
6 before January 1, 2016, there shall be allowed a credit against the  
7 tax imposed by Section 2355 of this title for:

8       1. Investment in qualified depreciable property placed in  
9 service during those years for use in a manufacturing operation, as  
10 defined in Section 1352 of this title, which has received a  
11 manufacturer exemption permit pursuant to the provisions of Section  
12 1359.2 of this title or a qualified aircraft maintenance or  
13 manufacturing facility as defined in paragraph 14 of Section 1357 of  
14 this title in this state or a qualified web search portal as defined  
15 in paragraph 35 of Section 1357 of this title; or

16       2. A net increase in the number of full-time-equivalent  
17 employees engaged in manufacturing, processing or aircraft  
18 maintenance in this state including employees engaged in support  
19 services.

20       B. Except as otherwise provided in subsection F of Section 3658  
21 of this title and in subsection J of this section, for taxable years  
22 beginning after December 31, 1998, and ending before January 1,  
23 2016, there shall be allowed a credit against the tax imposed by  
24 Section 2355 of this title for:



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

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

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

22        D. If a business entity fails to expend the amount required by  
23 paragraph 1 or paragraph 2 of subsection B of this section within  
24 the time required, the business entity may not claim the credit

1 authorized by subsection B of this section, but shall be allowed to  
2 claim a credit pursuant to subsection A of this section if the  
3 requirements of subsection A of this section are met with respect to  
4 the investment in qualified depreciable property or net increase in  
5 the number of full-time-equivalent employees.

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

1 placed in service by the transferee, for purposes of determining the  
2 aggregate number of years for which credit may be allowed.

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

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

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

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

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

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

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

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

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

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

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

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

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

14        J. 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; provided, credits accrued during the period from  
23 July 1, 2010, through June 30, 2012, shall be limited to a period of  
24 two (2) taxable years. The credit shall be limited in each taxable

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

8 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.6, is  
9 amended to read as follows:

10 Section 2357.6. A. Any person or corporation may contribute  
11 monies to the Energy Conservation Assistance Fund. Except as  
12 otherwise provided in subsection B of this section, for tax years  
13 ending before January 1, 2016, such contributions shall be entitled  
14 to an income tax credit against the state personal or corporate  
15 income tax liability of fifty percent (50%) of the amount  
16 contributed to the fund for the taxable year in which it was made.

17 B. No credit otherwise authorized by the provisions of this  
18 section may be claimed for any event, transaction, investment,  
19 expenditure or other act occurring ~~on or after~~ during the time  
20 period beginning on July 1, 2010, and ending on June 30, 2012, for  
21 which the credit would otherwise be allowable. ~~The provisions of~~  
22 ~~this subsection shall cease to be operative on July 1, 2012.~~  
23 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
24 may be claimed for any event, transaction, investment, expenditure

1 or other act occurring ~~on or after~~ during the time period beginning  
2 July 1, 2012 and ending on December 31, 2015, according to the  
3 provisions of this section.

4 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.11, is  
5 amended to read as follows:

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

10 B. 1. Except as provided in subsection M of this section, for  
11 tax years beginning on or after January 1, 1993, and ending on or  
12 before December 31, 2014, there shall be allowed a credit against  
13 the tax imposed by Section 1803 or Section 2355 of this title or  
14 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every  
15 person in this state furnishing water, heat, light or power to the  
16 state or its citizens, or for every person in this state burning  
17 coal to generate heat, light or power for use in manufacturing  
18 operations located in this state.

19 2. For tax years beginning on or after January 1, 1993, and  
20 ending on or before December 31, 2005, and for the period of January  
21 1, 2006, through June 30, 2006, the credit shall be in the amount of  
22 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal  
23 purchased by such person.  
24

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

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

15        C. For tax years beginning on or after January 1, 1995, and  
16 ending on or before December 31, 2005, and for the period beginning  
17 January 1, 2006, through June 30, 2006, there shall be allowed, in  
18 addition to the credits allowed pursuant to subsection B of this  
19 section, a credit against the tax imposed by Section 1803 or Section  
20 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma  
21 Statutes for every person in this state which:

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



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

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

6        D. Except as otherwise provided in subsection E of this section  
7 and in subsection M of this section, for tax years beginning on or  
8 after January 1, 2001, and ending on or before December 31, 2014,  
9 there shall be allowed a credit against the tax imposed by Section  
10 1803 or Section 2355 of this title or Section 624 or 628 of Title 36  
11 of the Oklahoma Statutes for every person in this state primarily  
12 engaged in mining, producing or extracting coal, and holding a valid  
13 permit issued by the Oklahoma Department of Mines. For tax years  
14 beginning on or after January 1, 2001, and ending on or before  
15 December 31, 2005, and for the period beginning January 1, 2006,  
16 through June 30, 2006, the credit shall be in the amount of ninety-  
17 five cents (\$0.95) per ton and for the period of July 1, 2006,  
18 through December 31, 2006, and for tax years beginning on or after  
19 January 1, 2007, the credit shall be in the amount of Five Dollars  
20 (\$5.00) for each ton of coal mined, produced or extracted in on,  
21 under or through a permit in this state by such person.

22        E. In addition to the credit allowed pursuant to the provisions  
23 of subsection D of this section and except as otherwise provided in  
24 subsection F of this section, for tax years beginning on or after

1 January 1, 2001, and ending on or before December 31, 2005, and for  
2 the period of January 1, 2006, through June 30, 2006, there shall be  
3 allowed a credit against the tax imposed by Section 1803 or Section  
4 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma  
5 Statutes for every person in this state primarily engaged in mining,  
6 producing or extracting coal, and holding a valid permit issued by  
7 the Oklahoma Department of Mines in the amount of ninety-five cents  
8 (\$0.95) per ton for each ton of coal mined, produced or extracted  
9 from thin seams in this state by such person; provided, the credit  
10 shall not apply to such coal sold to any consumer who purchases at  
11 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined  
12 coal per year.

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

1       G. The credits provided in subsections D and E of this section  
2 shall not be allowed for coal mined, produced or extracted in any  
3 month in which the average price of coal is Sixty-eight Dollars  
4 (\$68.00) or more per ton, excluding freight charges, as determined  
5 by the Tax Commission.

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

1 may be claimed. The Tax Commission may promulgate rules to permit  
2 verification of the validity and timeliness of a tax credit claimed  
3 upon a tax return pursuant to this subsection but shall not  
4 promulgate any rules which unduly restrict or hinder the transfers  
5 of such tax credit.

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

1 J. Any person receiving tax credits pursuant to the provisions  
2 of this section shall apply the credits against taxes payable or  
3 shall transfer the credits as provided in this section. Credits  
4 shall not be used to lower the price of any Oklahoma-mined coal sold  
5 that is produced by a subsidiary of the person receiving a tax  
6 credit under this section to other buyers of the Oklahoma-mined  
7 coal.

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

13 L. Any credits allowed pursuant to the provisions of  
14 subsections B, C, D, E and F of this section but not used in any tax  
15 year may be carried over in order to each of the five (5) years  
16 following the year of qualification.

17 M. No credit otherwise authorized by the provisions of this  
18 section may be claimed for any event, transaction, investment,  
19 expenditure or other act occurring ~~on or after~~ during the time  
20 period beginning on July 1, 2010, and ending on June 30, 2012, for  
21 which the credit would otherwise be allowable. ~~The provisions of~~  
22 ~~this subsection shall cease to be operative on July 1, 2012.~~  
23 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
24 may be claimed for any event, transaction, investment, expenditure

1 or other act occurring ~~on or after~~ during the time period beginning  
2 on July 1, 2012, and ending on December 31, 2014, according to the  
3 provisions of this section.

4 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.24, is  
5 amended to read as follows:

6 Section 2357.24. A. For taxable years beginning after December  
7 31, 1994, and ending before January 1, 2016, there shall be allowed  
8 a deduction from the taxable income of any resident taxpayer who  
9 sells to this state any real property in which the taxpayer is the  
10 record owner and which real property was the site of a historic  
11 battle during the nineteenth century and is or has been designated a  
12 National Historic Landmark. For purposes of this section, a  
13 "National Historic Landmark" is a district, site, building,  
14 structure or object, designated by the Secretary of the Interior as  
15 possessing national significance in American history, archaeology,  
16 architecture, engineering or culture.

17 B. The deduction allowed by this section shall be limited to  
18 fifty percent (50%) of any capital gain the owner of the property  
19 receives or realizes upon the sale of the property and shall be  
20 allowed for the taxable year in which the sale occurred.

21 C. A husband and wife who file separate returns for a taxable  
22 year in which they could have filed a joint return may each claim  
23 only one-half (1/2) of the tax deduction that would have been  
24 allowed for a joint return. If record title to the property is held

1 in more than one individual other than a husband and wife, each  
2 owner shall be allowed the deduction in the same percentage as that  
3 individual's percentage of ownership in the property. In no event  
4 shall the total deduction allowed by this section exceed fifty  
5 percent (50%) in the taxable year of the capital gain realized on  
6 the sale of the property.

7 D. Record title to the property subject to the provisions of  
8 this section may be initially transferred or conveyed by the  
9 resident taxpayer to a private, nonprofit organization if the  
10 organization transfers or conveys record title to the property to  
11 this state within one (1) year of the sale or transfer of the  
12 property from the resident taxpayer to the organization. The  
13 private, nonprofit organization shall not be entitled to the  
14 deduction provided by this section. If record title is not  
15 transferred or conveyed to this state by the private, nonprofit  
16 organization within the one-year period, the resident taxpayer shall  
17 not be allowed the deduction.

18 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.26, is  
19 amended to read as follows:

20 Section 2357.26. A. Except as otherwise provided by subsection  
21 G of this section, for tax years beginning after December 31, 2001,  
22 and ending before January 1, 2016, there shall be allowed a credit  
23 against the tax imposed by Section 2355 of this title for employers  
24

1 incurring eligible expenses in connection with the provision of  
2 child care services.

3 B. As used in this section:

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

- 5 a. the purchase of qualifying child care services that  
6 are actually provided to children of employees, at a  
7 program licensed by the Department of Human Services  
8 with a rating of two stars or higher pursuant to rules  
9 promulgated by the Department, at a:
  - 10 (1) child care center, or
  - 11 (2) family child care home,
- 12 b. planning, preparing a site and constructing a child  
13 care center,
- 14 c. renovating or remodeling a structure to be used for a  
15 child care center,
- 16 d. purchasing equipment necessary for use by a child care  
17 center,
- 18 e. expanding a child care center,
- 19 f. maintaining and operating a child care center,  
20 including paying direct administrative and staff  
21 costs,
- 22 g. purchasing child care slots actually provided or  
23 reserved for children of employees, or  
24



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

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

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

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

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

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

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

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

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

6 G. No credit otherwise authorized by the provisions of this  
7 section may be claimed for any event, transaction, investment,  
8 expenditure or other act occurring ~~on or after~~ during the time  
9 period beginning on July 1, 2010, and ending on June 30, 2012, for  
10 which the credit would otherwise be allowable. ~~The provisions of~~  
11 ~~this subsection shall cease to be operative on July 1, 2012.~~

12 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
13 may be claimed for any event, transaction, investment, expenditure  
14 or other act occurring ~~on or after~~ during the time period beginning  
15 on July 1, 2012, and ending on December 31, 2015, according to the  
16 provisions of this section.

17 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.27, is  
18 amended to read as follows:

19 Section 2357.27. A. Except as otherwise provided by subsection  
20 E of this section, for tax years beginning after December 31, 1998,  
21 and ending before January 1, 2016, there shall be allowed a credit  
22 against the tax imposed by Section 2355 of this title for eligible  
23 expenses incurred by entities primarily engaged in the business of  
24 providing child care services.

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

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

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

15       E. 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~~ during the time  
18 period beginning on July 1, 2010, and ending on June 30, 2012, 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~~ The credit authorized by this section  
22 may be claimed for any event, transaction, investment, expenditure  
23 or other act occurring ~~on or after~~ during the time period beginning  
24

1 on July 1, 2012, and ending on December 31, 2015, according to the  
2 provisions of this section.

3 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.30, is  
4 amended to read as follows:

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

10 B. Except as otherwise provided in subsection E of this  
11 section, for taxable years beginning after December 31, 1998, and  
12 ending before January 1, 2016, every small business operating within  
13 this state shall be entitled to claim as a credit against the tax  
14 imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this  
15 title, subject to the limitations provided by subsection C of this  
16 section, any amount paid to the U.S. Small Business Administration  
17 as a guaranty fee pursuant to the obtaining of financing guaranteed  
18 by the Small Business Administration.

19 C. The credit authorized by this section shall only be claimed  
20 against the tax liability resulting from income generated by the  
21 small business. If an income tax return upon which this credit is  
22 claimed includes taxable income from sources other than the small  
23 business, the credit shall only be allowed to be claimed upon a  
24 percentage of the income tax liability which does not exceed the

1 percentage of income generated by the small business as compared to  
2 the total Oklahoma adjusted gross income shown on the return. The  
3 Oklahoma Tax Commission shall promulgate rules and prescribe forms  
4 to implement the provisions of this section.

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

14 E. No credit otherwise authorized by the provisions of this  
15 section may be claimed for any event, transaction, investment,  
16 expenditure or other act occurring ~~on or after~~ during the time  
17 period beginning on July 1, 2010, and ending on June 30, 2012, for  
18 which the credit would otherwise be allowable. ~~The provisions of~~  
19 ~~this subsection shall cease to be operative on July 1, 2012.~~

20 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
21 may be claimed for any event, transaction, investment, expenditure  
22 or other act occurring ~~on or after~~ during the time period beginning  
23 on July 1, 2012, and ending on December 31, 2015, according to the  
24 provisions of this section.

SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.32A,  
is amended to read as follows:

Section 2357.32A. A. Except as otherwise provided in  
subsection H of this section, for tax years beginning on or after  
January 1, 2003, and ending before January 1, 2016, there shall be  
allowed a credit against the tax imposed by Section 2355 of this  
title to a taxpayer for the taxpayer's production and sale to an  
unrelated person of electricity generated by zero-emission  
facilities located in this state. As used in this section:

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

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

- a. wind,
- b. moving water,
- c. sun, or
- d. geothermal energy.

1       B. For facilities placed in operation on or after January 1,  
2 2003, and before January 1, 2007, the electricity generated on or  
3 after January 1, 2003, but prior to January 1, 2004, the amount of  
4 the credit shall be seventy-five one hundredths of one cent  
5 (\$0.0075) for each kilowatt-hour of electricity generated by zero-  
6 emission facilities. For electricity generated on or after January  
7 1, 2004, but prior to January 1, 2007, the amount of the credit  
8 shall be fifty one hundredths of one cent (\$0.0050) per kilowatt-  
9 hour for electricity generated by zero-emission facilities. For  
10 electricity generated on or after January 1, 2007, but prior to  
11 January 1, 2012, the amount of the credit shall be twenty-five one  
12 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity  
13 generated by zero-emission facilities. For facilities placed in  
14 operation on or after January 1, 2007, and before January 1, 2016,  
15 for the electricity generated by these facilities the amount of the  
16 credit shall be fifty one hundredths of one cent (\$0.0050) for each  
17 kilowatt-hour of electricity generated by zero-emission facilities.

18       C. Credits may be claimed with respect to electricity generated  
19 on or after January 1, 2003, during a ten-year period following the  
20 date that the facility is placed in operation on or after June 4,  
21 2001.

22       D. If the credit allowed pursuant to this section exceeds the  
23 amount of income taxes due or if there are no state income taxes due  
24 on the income of the taxpayer, the amount of the credit allowed but

1 not used in any tax year may be carried forward as a credit against  
2 subsequent income tax liability for a period not exceeding ten (10)  
3 years.

4 E. Any nontaxable entities, including agencies of the State of  
5 Oklahoma or political subdivisions thereof, shall be eligible to  
6 establish a transferable tax credit in the amount provided in  
7 subsection B of this section. Such tax credit shall be a property  
8 right available to a state agency or political subdivision of this  
9 state to transfer or sell to a taxable entity, whether individual or  
10 corporate, who shall have an actual or anticipated income tax  
11 liability under Section 2355 of this title. These tax credit  
12 provisions are authorized as an incentive to the State of Oklahoma,  
13 its agencies and political subdivisions to encourage the expenditure  
14 of funds in the development, construction and utilization of  
15 electricity from zero-emission facilities as defined in subsection A  
16 of this section.

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



1 regardless of the actual tax liability of the tax credit transferor,  
2 for the relevant taxable period. The transferor initially allowed  
3 the credit and any subsequent transferees shall jointly file a copy  
4 of any written transfer agreement with the Oklahoma Tax Commission  
5 within thirty (30) days of the transfer. The written agreement  
6 shall contain the name, address and taxpayer identification number  
7 or social security number of the parties to the transfer, the amount  
8 of the credit being transferred, the year the credit was originally  
9 allowed to the transferor, and the tax year or years for which the  
10 credit may be claimed. The Tax Commission may promulgate rules to  
11 permit verification of the validity and timeliness of the tax credit  
12 claimed upon a tax return pursuant to this ~~subsection~~ paragraph but  
13 shall not promulgate any rules that unduly restrict or hinder the  
14 transfers of such tax credit. The tax credit allowed by this  
15 section, upon the election of the taxpayer, may be claimed as a  
16 payment of tax, a prepayment of tax or a payment of estimated tax  
17 for purposes of Section 1803 or Section 2355 of this title.

18 G. For electricity generation produced and sold in a calendar  
19 year, the tax credit allowed by the provisions of this section, upon  
20 election of the taxpayer, shall be treated and may be claimed as a  
21 payment of tax, a prepayment of tax or a payment of estimated tax  
22 for purposes of Section 2355 of this title on or after July 1 of the  
23 following calendar year.

24

1 H. 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~~ during the time  
4 period beginning on July 1, 2010, and ending on June 30, 2011, for  
5 which the credit would otherwise be allowable ~~until the provisions~~  
6 ~~of this subsection shall cease to be operative on July 1, 2011.~~  
7 Beginning July 1, 2011, the credit authorized by this section may be  
8 claimed for any event, transaction, investment, expenditure or other  
9 act occurring ~~on or after~~ during the time period beginning on July  
10 1, 2010 and ending on December 31, 2015, according to the provisions  
11 of this section. Any tax credits which accrue during the period of  
12 July 1, 2010, through June 30, 2011, may not be claimed for any  
13 period prior to the taxable year beginning January 1, 2012. No  
14 credits which accrue during the period of July 1, 2010, through June  
15 30, 2011, may be used to file an amended tax return for any taxable  
16 year prior to the taxable year beginning January 1, 2012.

17 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.33, is  
18 amended to read as follows:

19 Section 2357.33. A. Except as otherwise provided by subsection  
20 E of this section, for taxable years beginning after December 31,  
21 1999, and ending before January 1, 2016, there shall be allowed a  
22 credit against the tax imposed by Section 2355 of this title for  
23 amounts paid by a taxpayer operating one or more food service  
24

1 establishments for immunizations against Hepatitis A for employees  
2 of the taxpayer who work in such establishments.

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

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

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

16 E. 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~~ during the time  
19 period beginning on July 1, 2010, and ending on June 30, 2012, for  
20 which the credit would otherwise be allowable. ~~The provisions of~~  
21 ~~this subsection shall cease to be operative on July 1, 2012.~~  
22 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
23 may be claimed for any event, transaction, investment, expenditure  
24 or other act occurring ~~on or after~~ during the time period beginning

1 on July 1, 2012, and ending on December 31, 2015, according to the  
2 provisions of this section.

3 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.41, is  
4 amended to read as follows:

5 Section 2357.41. A. Except as otherwise provided by subsection  
6 I of this section, for tax years beginning after December 31, 2000,  
7 and ending before January 1, 2016, there shall be allowed a credit  
8 against the tax imposed by Sections 2355 and 2370 of this title or  
9 that portion of the tax imposed by Section 624 or 628 of Title 36 of  
10 the Oklahoma Statutes that would otherwise have been apportioned to  
11 the General Revenue Fund for qualified rehabilitation expenditures  
12 incurred in connection with any certified historic hotel or historic  
13 newspaper plant building located in an increment or incentive  
14 district created pursuant to the Local Development Act or for  
15 qualified rehabilitation expenditures incurred after January 1,  
16 2006, in connection with any certified historic structure.

17 B. The amount of the credit shall be one hundred percent (100%)  
18 of the federal rehabilitation credit provided for in Section 47 of  
19 Title 26 of the United States Code. The credit authorized by this  
20 section may be claimed at any time after the relevant local  
21 governmental body responsible for doing so issues a certificate of  
22 occupancy or other document that is a precondition for the  
23 applicable use of the building or structure that is the basis upon  
24 which the credit authorized by this section is claimed.

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

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

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

17 F. The amount of the credit allowed for any credit claimed for  
18 a certified historic hotel or historic newspaper plant building or  
19 any certified historic structure, but not used, shall be freely  
20 transferable, in whole or in part, to subsequent transferees at any  
21 time during the five (5) years following the year of qualification.  
22 Any person to whom or to which a tax credit is transferred shall  
23 have only such rights to claim and use the credit under the terms  
24 that would have applied to the entity by whom or by which the tax

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

1 this subsection but shall not promulgate any rules which unduly  
2 restrict or hinder the transfers of such tax credit.

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

11 H. As used in this section:

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

16 2. "Certified historic structure" means a building that is  
17 listed on the National Register of Historic Places within thirty  
18 (30) months of taking the credit pursuant to this section or a  
19 building located in Oklahoma which is certified by the State  
20 Historic Preservation Office as contributing to the historic  
21 significance of a certified historic district listed on the National  
22 Register of Historic Places, or a local district that has been  
23 certified by the State Historic Preservation Office as eligible for  
24 listing in the National Register of Historic Places; and

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

10        I. No credit otherwise authorized by the provisions of this  
11 section may be claimed for any event, transaction, investment,  
12 expenditure or other act occurring on or after July 1, 2010, ~~for~~  
13 ~~which the credit would otherwise be allowable until the provisions~~  
14 ~~of this subsection shall cease to be operative on July 1, 2012~~  
15 except as otherwise provided in this subsection. Beginning July 1,  
16 2012, the credit authorized by this section may be claimed for any  
17 event, transaction, investment, expenditure or other act occurring  
18 on or after July 1, 2010, and before January 1, 2016, according to  
19 the provisions of this section. Any tax credits which accrue during  
20 the period of July 1, 2010, through June 30, 2012, may not be  
21 claimed for any period prior to the taxable year beginning January  
22 1, 2012. No credits which accrue during the period of July 1, 2010,  
23 through June 30, 2012, may be used to file an amended tax return for  
24



1 any taxable year prior to the taxable year beginning January 1,  
2 2012.

3 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.43, is  
4 amended to read as follows:

5 Section 2357.43. For tax years beginning after December 31,  
6 2001, and ending before January 1, 2016, there shall be allowed to a  
7 resident individual or a part-year resident individual as a credit  
8 against the tax imposed by Section 2355 of this title five percent  
9 (5%) of the earned income tax credit allowed under Section 32 of the  
10 Internal Revenue Code of the United States, 26 U.S.C., Section 32.  
11 However, this credit shall not be paid in advance pursuant to the  
12 provisions of Section 3507 of the Internal Revenue Code. If the  
13 credit exceeds the tax imposed by Section 2355 of this title, the  
14 excess amount shall be refunded to the taxpayer. The maximum earned  
15 income tax credit allowable on the Oklahoma income tax return shall  
16 be prorated on the ratio that Oklahoma adjusted gross income bears  
17 to the federal adjusted gross income.

18 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.45, is  
19 amended to read as follows:

20 Section 2357.45. A. 1. For tax years beginning after December  
21 31, 2004, and ending before January 1, 2016, there shall be allowed  
22 against the tax imposed by Section 2355 of this title, a credit for  
23 any taxpayer who makes a donation to an independent biomedical  
24 research institute and for tax years beginning after December 31,

1 2010, and ending before January 1, 2016, a credit for any taxpayer  
2 who makes a donation to a cancer research institute.

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

5 a. for calendar year 2007 and all subsequent years for  
6 which the credit may be claimed, the credit  
7 percentage, not to exceed fifty percent (50%), shall  
8 be adjusted annually so that the total estimate of the  
9 credits does not exceed Two Million Dollars  
10 (\$2,000,000.00) annually. The formula to be used for  
11 the percentage adjusted shall be fifty percent (50%)  
12 times One Million Dollars (\$1,000,000.00) divided by  
13 the credits claimed in the preceding year for each  
14 donation to an independent biomedical research  
15 institute and fifty percent (50%) times One Million  
16 Dollars (\$1,000,000.00) divided by the credits claimed  
17 in the preceding year for each donation to a cancer  
18 research institute,

19 b. in no event shall a taxpayer claim more than one  
20 credit for a donation to any independent biomedical  
21 research institute and one credit for a donation to a  
22 cancer research institute in each taxable year nor  
23 shall the credit exceed One Thousand Dollars  
24

1 (\$1,000.00) for each taxpayer for each type of  
2 donation,

3 c. for tax year 2011, no more than Fifty Thousand Dollars  
4 (\$50,000.00) in total tax credits for donations to a  
5 cancer research institute shall be allowed,

6 d. in no event shall more than fifty percent (50%) of the  
7 Two Million Dollars (\$2,000,000.00) in total tax  
8 credits authorized by this section, for any calendar  
9 year after ~~the effective date of this act~~ January 1,  
10 2011, be allocated for credits for donations to a  
11 cancer research institute, and

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

1 research institute shall not affect the formula for  
2 donations to an independent biomedical research  
3 institute.

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

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

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

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

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

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

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

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

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

19 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.46, is  
20 amended to read as follows:

21 Section 2357.46. A. Except as otherwise provided by subsection  
22 G of this section, for tax years beginning after December 31, 2005,  
23 and ending before January 1, 2016, there shall be allowed a credit  
24 against the tax imposed by Section 2355 of ~~Title 68 of Oklahoma~~

1 ~~Statutes~~ this title for eligible expenditures incurred by a  
2 contractor in the construction of energy efficient residential  
3 property of two thousand (2,000) square feet or less. The amount of  
4 the credit shall be based upon the following:

5 1. For any eligible energy efficient residential property  
6 constructed and certified as forty percent (40%) or more above the  
7 International Energy Conservation Code 2003 and any supplement in  
8 effect at the time of completion, the amount of the credit shall be  
9 equal to the eligible expenses, not to exceed Four Thousand Dollars  
10 (\$4,000.00) for the taxpayer who is the contractor; and

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

18 B. As used in this section:

19 1. "Eligible expenditure" means any:

- 20 a. energy efficient heating or cooling system,  
21 b. insulation material or system which is specifically  
22 and primarily designed to reduce the heat gain or loss  
23 of a residential property when installed in or on such  
24 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~~ November 1, 2005,

(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



1           the 2003 International Energy Conservation Code,  
2           as such code is in effect on ~~the effective date~~  
3           ~~of this act~~ November 1, 2005,

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

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

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

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

1 E. For credits earned on or after ~~the effective date of this~~  
2 ~~act~~ August 25, 2006, the credits authorized by this section shall be  
3 freely transferable to subsequent transferees.

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

6 G. No credit otherwise authorized by the provisions of this  
7 section may be claimed for any event, transaction, investment,  
8 expenditure or other act occurring ~~on or after~~ during the time  
9 period beginning on July 1, 2010, and ending on June 30, 2012, for  
10 which the credit would otherwise be allowable. ~~The provisions of~~  
11 ~~this subsection shall cease to be operative on July 1, 2012.~~

12 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
13 may be claimed for any event, transaction, investment, expenditure  
14 or other act occurring ~~on or after~~ during the time period beginning  
15 on July 1, 2012, and ending on December 31, 2015, according to the  
16 provisions of this section.

17 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.47, is  
18 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, 2016, 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, 2016, 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 amount of the credit  
11 shall be fifty percent (50%) of the amount of the funds expended for  
12 eligible modification expenses or new tools or equipment but in no  
13 event shall the credit exceed One Thousand Dollars (\$1,000.00) for  
14 eligible modification expenses incurred for any single employee. In  
15 no event shall the total credit claimed exceed Ten Thousand Dollars  
16 (\$10,000.00) in any year for any taxpayer.

17 3. As used in this section:

18 a. "employee", "employer", "maximum medical improvement",  
19 "treating physician", and "wages" shall be defined as  
20 in ~~Section 3 of Title 85 of the Oklahoma Statutes~~ The  
21 Workers' Compensation Code,

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 the Workers' Compensation

1 Act and which are paid beginning when the employee  
2 returns to work with restricted duties as provided by  
3 the employee's treating physician or an independent  
4 medical examiner before the employee has reached  
5 maximum medical improvement, and ending after ninety  
6 (90) days or when the employee has reached maximum  
7 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~~ during the time  
4 period beginning on July 1, 2010, and ending on June 30, 2012, for  
5 which the credit would otherwise be allowable. ~~The provisions of~~  
6 ~~this subsection shall cease to be operative on July 1, 2012.~~  
7 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
8 may be claimed for any event, transaction, investment, expenditure  
9 or other act occurring ~~on or after~~ during the time period beginning  
10 on July 1, 2012, and ending on December 31, 2015, according to the  
11 provisions of this section.

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

14 Section 2357.81. A. Subject to the limitation imposed pursuant  
15 to subsection C of Section 842 of Title 62 of the Oklahoma Statutes  
16 and except as otherwise provided by subsection F of this section,  
17 for taxable years beginning after December 31, 2000, and ending  
18 before January 1, 2016, there shall be allowed as a credit against  
19 the tax imposed pursuant to Section 2355 of ~~Title 68 of the Oklahoma~~  
20 ~~Statutes~~ this title, an amount equal to one hundred percent (100%)  
21 of the amount of ad valorem taxes exempted pursuant to the  
22 provisions of Section 860 of Title 62 of the Oklahoma Statutes for  
23 an enterprise locating a new facility within or expanding an  
24 existing facility within an enterprise zone as designated pursuant

1 to Section 690.2 of ~~Title 68 of the Oklahoma Statutes~~ this title if  
2 such facility is also located within an incentive district.

3 B. The income tax credit authorized by this section shall only  
4 be available, to the extent otherwise allowable and except as  
5 otherwise provided by subsection F of this section, for ad valorem  
6 taxes for which an exemption has been provided pursuant to Section  
7 860 of Title 62 of the Oklahoma Statutes on or after January 1,  
8 2001. The county assessor of the county in which the facility is  
9 located, or any part of the facility, shall provide an annual  
10 certification to the Oklahoma Tax Commission not later than January  
11 31 of each calendar year as to the amount of ad valorem taxes which  
12 would have been payable by the owner of the facility without the  
13 exemption provided by Section 860 of Title 62 of the Oklahoma  
14 Statutes.

15 C. In order to claim the credit authorized by this section, the  
16 taxpayer shall obtain a certification from the local governing body  
17 approving the incentive district which shall be acknowledged by the  
18 chief elected official of the local governing body. The  
19 certification shall be signed by the Director of the Oklahoma  
20 Department of Commerce or designee, that the facility is located  
21 within an enterprise zone. The signature required by this  
22 subsection shall be acknowledged in the manner provided by law.

23 D. The credit authorized by this section shall be allowable  
24 only to the extent of ad valorem taxes which would have been levied

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

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

14 F. 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~~ during the time  
17 period beginning on July 1, 2010, and ending on June 30, 2012, for  
18 which the credit would otherwise be allowable. ~~The provisions of~~  
19 ~~this subsection shall cease to be operative on July 1, 2012.~~  
20 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
21 may be claimed for any event, transaction, investment, expenditure  
22 or other act occurring ~~on or after~~ during the time period beginning  
23 on July 1, 2012, and ending on December 31, 2015, according to the  
24 provisions of this section.

SECTION 18. AMENDATORY 68 O.S. 2011, Section 2357.101,

is amended to read as follows:

Section 2357.101. A. Except as otherwise provided in subsection E of this section, for taxable years beginning after December 31, 2004, and ending before January 1, 2016, there shall be allowed against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title, a credit equal to twenty-five percent (25%) of the amount of profit made by a taxpayer from investment in an existing Oklahoma film or music project with a production company to pay for production costs that is reinvested by the taxpayer with the production company to pay for the production cost of the production company for a new Oklahoma film or music project.

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

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

D. As used in this section:

1. "Film" means a professional single media, multimedia program or feature, which is not child pornography as defined in subsection



1 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene  
2 material as defined in paragraph 1 of subsection B of Section 1024.1  
3 of Title 21 of the Oklahoma Statutes including, but not limited to,  
4 national advertising messages that are broadcast on a national  
5 affiliate or cable network, fixed on film or digital video, which  
6 can be viewed or reproduced and which is exhibited in theaters,  
7 licensed for exhibition by individual television stations, groups of  
8 stations, networks, cable television stations or other means or  
9 licensed for home viewing markets;

10 2. "Music project" means a professional recording released on a  
11 national or international level, whether via traditional  
12 manufacturing or distributing or electronic distribution, using  
13 technology currently in use or future technology including, but not  
14 limited to, music CDs, radio commercials, jingles, cues, or  
15 electronic device recordings;

16 3. "Production company" means a person who produces a film or  
17 music project for exhibition in theaters, on television or  
18 elsewhere;

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

- 20 a. wages or salaries of persons who have earned income  
21 from working on a film or music project in this state,  
22 including payments to personal services corporations  
23 with respect to the services of qualified performing  
24

1 artists, as determined under Section 62(a)(A) of the  
2 Internal Revenue Code,

3 b. the cost of construction and operations, wardrobe,  
4 accessories and related services,

5 c. the cost of photography, sound synchronization,  
6 lighting and related services,

7 d. the cost of editing and related services,

8 e. rental of facilities and equipment, and

9 f. other direct costs of producing a film or music  
10 project;

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

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

15 a. the gross revenues less gross expenses, including  
16 direct production, distribution and marketing costs  
17 and an allocation of indirect overhead costs, of the  
18 film or music project shall be multiplied by,

19 b. a ratio, the numerator of which is Oklahoma production  
20 costs, as defined in paragraph 7 of this subsection,  
21 and the denominator of which is total production  
22 costs, as defined in paragraph 4 of this subsection,  
23 which shall be multiplied by,  
24

- 1           c.    the percent of the taxpayer's taxable income allocated  
2               to Oklahoma in a taxable year, and
- 3           d.    subtract from the result of the formula calculated  
4               pursuant to subparagraphs a through c of this  
5               paragraph the profit made by a taxpayer from  
6               investment in an existing Oklahoma film or music  
7               project in previous taxable years. Profit shall  
8               include either a net profit or net loss;

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

- 11           8.    a.    "Qualified vendor" means an Oklahoma entity which  
12               provides goods or services to a production company and  
13               for which:

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

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

- 19           b.    For purposes of this paragraph, an employee shall  
20               include a self-employed individual reporting income  
21               from a qualified vendor on Internal Revenue Service  
22               Form 1040.

- 23           c.    The Oklahoma Tax Commission shall prescribe forms by  
24               which an entity may be certified to a production

1 company as a qualified vendor for purposes of this  
2 section; and

3 9. "Investment" means costs associated with the original  
4 production company. Film or music projects acquired from an  
5 original production company do not qualify as investment under  
6 subsection A of this section.

7 E. No credit otherwise authorized by the provisions of this  
8 section may be claimed for any event, transaction, investment,  
9 expenditure or other act occurring ~~on or after~~ during the time  
10 period beginning on July 1, 2010, and ending on June 30, 2012, for  
11 which the credit would otherwise be allowable. ~~The provisions of~~  
12 ~~this subsection shall cease to be operative on July 1, 2012.~~

13 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
14 may be claimed for any event, transaction, investment, expenditure  
15 or other act occurring ~~on or after~~ during the time period beginning  
16 on July 1, 2012, and ending on December 31, 2015, according to the  
17 provisions of this section.

18 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2357.102,  
19 is amended to read as follows:

20 Section 2357.102. A. Except as otherwise provided by  
21 subsection G of this section, for taxable years beginning after  
22 December 31, 2005, and ending before January 1, 2016, there shall be  
23 allowed a credit against the tax imposed by Section 2355 of ~~Title 68~~  
24 ~~of the Oklahoma Statutes~~ this title for the cost of the purchase of

1 a dry fire hydrant or the cost to provide an acceptable means of  
2 water storage for such dry fire hydrant including a pond, tank, or  
3 other storage facility with the primary purpose of fire protection  
4 within the State of Oklahoma. The credit shall be equal to fifty  
5 percent (50%) of the purchase price of the dry fire hydrant or the  
6 actual expenditure for any new water storage construction,  
7 equipment, development and installation of the dry hydrant,  
8 including pipes, valves, hydrants, and labor for each installation  
9 of a dry hydrant or new water storage facility but in no event shall  
10 the amount of the credit exceed Five Thousand Dollars (\$5,000.00)  
11 for each taxpayer.

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

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

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

22 3. Dry fire hydrants shall be located a reasonable distance  
23 from other dry or pressurized hydrants.  
24

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

3 D. 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 E. The Oklahoma Tax Commission and the State Fire Marshal  
7 Commission shall promulgate rules to establish the requirements for  
8 the construction of a dry fire hydrant or new water storage facility  
9 and permit verification of eligibility of a dry fire hydrant or new  
10 water storage facility for the credit provided for in subsection A  
11 of this section.

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

15 G. 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~~ during the time  
18 period beginning on July 1, 2010, and ending on June 30, 2012, 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~~ The credit authorized by this section  
22 may be claimed for any event, transaction, investment, expenditure  
23 or other act occurring ~~on or after~~ during the time period beginning  
24

1 on July 1, 2012, and ending on December 31, 2015, according to the  
2 provisions of this section.

3 SECTION 20. AMENDATORY 68 O.S. 2011, Section 2357.104,  
4 is amended to read as follows:

5 Section 2357.104. A. Except as otherwise provided by  
6 subsection G of this section, for taxable years beginning after  
7 December 31, 2005, and ending before January 1, 2016, there shall be  
8 allowed a credit against the tax imposed by Section 2355 of this  
9 title equal to fifty percent (50%) of an eligible taxpayer's  
10 qualified railroad reconstruction or replacement expenditures.

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

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

23 C. The credit allowed pursuant to subsection A of this section  
24 but not used shall be freely transferable, by written agreement, to

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

24



1 Tax Commission pertaining to the eligibility of the person claiming  
2 the credit.

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

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

11 F. As used in this section:

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

15 2. "Eligible taxpayer" means any Class II or Class III  
16 railroad; and

17 3. "Qualified railroad reconstruction or replacement  
18 expenditures" means expenditures for:

19 a. reconstruction or replacement of railroad  
20 infrastructure including track, roadbed, bridges,  
21 industrial leads and track-related structures owned or  
22 leased by a Class II or Class III railroad as of  
23 January 1, 2006, or  
24

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

4           G.    No credit otherwise authorized by the provisions of this  
5   section may be claimed for any event, transaction, investment,  
6   expenditure or other act occurring ~~on or after~~ during the time  
7   period beginning on July 1, 2010, and ending on June 30, 2012, for  
8   which the credit would otherwise be allowable. ~~The provisions of~~  
9   ~~this subsection shall cease to be operative on July 1, 2012.~~  
10 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
11 may be claimed for any event, transaction, investment, expenditure  
12 or other act occurring ~~on or after~~ during the time period beginning  
13 on July 1, 2012, and ending on December 31, 2015, according to the  
14 provisions of this section.

15       SECTION 21.       AMENDATORY       68 O.S. 2011, Section 2357.203,  
16 is amended to read as follows:

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

18       1.   "Nonqualified operating expenditures" means labor costs,  
19 salary and other compensation, whether direct or indirect, paid to  
20 directors, officers, limited liability company members, limited  
21 liability company managers, partners or other principals or  
22 employees of the business entity;

23       2.   "Qualified direct costs" means expenditures, other than  
24 nonqualified operating expenditures, to construct dog kennels,

1 fences, pens, training areas for canines, structures for office  
2 space or other improvements to real property necessary for the  
3 proper training of a specially trained canine, including the cost of  
4 food, water, veterinary expenses and other costs directly related to  
5 the operation of the training facility; and

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

9 B. Except as provided in subsection F of this section, for  
10 taxable years beginning after December 31, 2005, and ending before  
11 January 1, 2016, there shall be allowed a credit against the tax  
12 imposed pursuant to Section 2355 of ~~Title 68 of the Oklahoma~~  
13 ~~Statutes~~ this title in the amount of fifty percent (50%) of the  
14 qualified direct costs associated with the operation of a business  
15 enterprise the principal purpose of which is the rearing of  
16 specially trained canines.

17 C. The provisions of this section shall not be applicable to  
18 nonqualified operating expenditures.

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

1 E. The Oklahoma Tax Commission shall be authorized to prescribe  
2 such forms as may be necessary in order to administer the tax credit  
3 authorized by this section. The Tax Commission may request such  
4 additional documentation as may be required from the taxpayer in  
5 order to verify the eligibility for the credit authorized by this  
6 section.

7 F. No credit otherwise authorized by the provisions of this  
8 section may be claimed for any event, transaction, investment,  
9 expenditure or other act occurring ~~on or after~~ during the time  
10 period beginning on July 1, 2010, and ending on June 30, 2012, for  
11 which the credit would otherwise be allowable. ~~The provisions of~~  
12 ~~this subsection shall cease to be operative on July 1, 2012.~~  
13 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
14 may be claimed for any event, transaction, investment, expenditure  
15 or other act occurring ~~on or after~~ during the time period beginning  
16 on July 1, 2012, and ending on December 31, 2015, according to the  
17 provisions of this section.

18 SECTION 22. AMENDATORY 68 O.S. 2011, Section 2357.206,  
19 is amended to read as follows:

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

22 B. 1. Except as provided in subsection E of this section,  
23 after ~~the effective date of this act~~ August 26, 2011, and before  
24 January 1, 2016, there shall be allowed a credit for any taxpayer

1 who makes a contribution to an eligible scholarship-granting  
2 organization. The credit shall be equal to fifty percent (50%) of  
3 the total amount of contributions made during a taxable year, not to  
4 exceed One Thousand Dollars (\$1,000.00) for single individuals, Two  
5 Thousand Dollars (\$2,000.00) for married individuals filing jointly,  
6 or One Hundred Thousand Dollars (\$100,000.00) for any taxpayer which  
7 is a legal business entity including limited and general  
8 partnerships, corporations, and limited liability companies;  
9 provided, if total credits claimed pursuant to this paragraph exceed  
10 the caps established pursuant to paragraph 2 of this subsection, the  
11 credit shall be equal to the taxpayer's proportionate share of the  
12 cap for the taxable year, as determined pursuant to subsection G of  
13 this section.

14       2.    a.    The total credits authorized by paragraph 1 of this  
15               subsection for all single individuals and married  
16               individuals filing jointly shall not exceed One  
17               Million Seven Hundred Fifty Thousand Dollars  
18               (\$1,750,000.00) annually.

19               b.    The total credits authorized by paragraph 1 of this  
20               subsection for all other taxpayers not subject to  
21               subparagraph a of this paragraph shall not exceed One  
22               Million Seven Hundred Fifty Thousand Dollars  
23               (\$1,750,000.00) annually.

1           c.    Each cap on total credits as provided for in this  
2                paragraph shall be allocated by the Oklahoma Tax  
3                Commission as provided in subsection G of this  
4                section.

5           C.   1.   Except as provided in subsection E of this section,  
6   after ~~the effective date of this act~~ August 26, 2011 and before  
7   January 1, 2016, there shall be allowed a credit for any taxpayer  
8   who makes a contribution to an eligible educational improvement  
9   grant organization. The credit shall be equal to fifty percent  
10   (50%) of the total amount of contributions made during a taxable  
11   year, not to exceed One Thousand Dollars (\$1,000.00) for single  
12   individuals, Two Thousand Dollars (\$2,000.00) for married  
13   individuals filing jointly, or One Hundred Thousand Dollars  
14   (\$100,000.00) for any taxpayer which is a legal business entity  
15   including limited and general partnerships, corporations, and  
16   limited liability companies; provided, if total credits claimed  
17   pursuant to this paragraph exceed the cap established pursuant to  
18   paragraph 3 of this subsection, the credit shall be equal to the  
19   taxpayer's proportionate share of the cap for the taxable year, as  
20   determined pursuant to subsection G of this section.

21          2.   For any taxpayer who makes a contribution to an eligible  
22   educational improvement grant organization and makes a written  
23   commitment to contribute the same amount for two (2) additional  
24   consecutive years the credit shall be equal to seventy-five percent

(75%) of the total amount of the contribution established in paragraph 1 of this subsection, not to exceed the amounts established in paragraph 1 of this subsection for the taxable year in which the credit provided in this subsection is claimed; provided, if total credits claimed pursuant to this paragraph exceed the cap established pursuant to paragraph 3 of this subsection, the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year, as determined pursuant to subsection G of this section. The taxpayer shall provide evidence of the written commitment to the Oklahoma Tax Commission at the time of filing the refund claim.

3. a. The total credits authorized by paragraph 1 of this subsection for all single individuals, married individuals filing jointly and for all other taxpayers shall not exceed One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually.

b. The cap on total credits as provided for in this paragraph shall be allocated by the Oklahoma Tax Commission as provided in subsection G of this section.

D. For credits claimed for eligible contributions made during tax year 2014 and thereafter, a credit shall not be allowed by the Oklahoma Tax Commission for contributions made to a scholarship-granting organization or an educational improvement grant

1 organization if that organization's percentage of funds actually  
2 awarded is less than ninety percent (90%). For purposes of this  
3 section, the "percentage of funds actually awarded" shall be  
4 determined by dividing the total amount of funds actually awarded as  
5 educational scholarships or educational improvement grants over the  
6 most recent twenty-four (24) months by the total amount available to  
7 award as educational scholarships or educational improvement grants  
8 over the most recent twenty-four (24) months.

9 E. Any tax credits which are earned by a taxpayer pursuant to  
10 this section during the time period beginning on ~~the effective date~~  
11 ~~of this act~~ August 26, 2011 through December 31, 2012, may not be  
12 claimed for any period prior to the taxable year beginning January  
13 1, 2013. No credits which accrue during the time period beginning  
14 on ~~the effective date of this act~~ August 26, 2011 through December  
15 31, 2012, may be used to file an amended tax return for any taxable  
16 year prior to the taxable year beginning January 1, 2013.

17 F. As used in this section:

18 1. "Eligible student" means a child of school age who is  
19 lawfully present in the United States and who is a member of a  
20 household in which the total annual income during the preceding tax  
21 year does not exceed an amount equal to three hundred percent (300%)  
22 of the income standard used to qualify for a free or reduced school  
23 lunch or who, during the immediately preceding school year, attended  
24 or, by virtue of the location of such student's place of residence,



1 was eligible to attend a public school in this state which has been  
2 identified for school improvement as determined by the State Board  
3 of Education pursuant to the requirements of the No Child Left  
4 Behind Act of 2001, P.L. No. 107-110. Once a student has received  
5 an educational scholarship, as defined in paragraph 3 of this  
6 subsection, the student and any siblings who are members of the same  
7 household shall remain eligible until they graduate from high school  
8 or reach twenty-one (21) years of age, whichever occurs first;

9 2. "Eligible special needs student" means a child of school age  
10 who has attended public school in our state with an individualized  
11 education program pursuant to the Individuals With Disabilities  
12 Education Act, 20 U.S.C.A., Section 1400 et seq.;

13 3. "Educational scholarships" means:

14 a. scholarships to an eligible student of up to Five  
15 Thousand Dollars (\$5,000.00) or eighty percent (80%)  
16 of the average per-pupil expenditure in the school  
17 district where the recipient student resides,  
18 whichever is greater, to cover all or part of the  
19 tuition, fees and transportation costs of a qualified  
20 school which is accredited by the State Board of  
21 Education or an accrediting association approved by  
22 the Board pursuant to Section 3-104 of Title 70 of the  
23 Oklahoma Statutes, or  
24

1           b.    scholarships to an eligible special needs student of  
2               up to Twenty-five Thousand Dollars (\$25,000.00) to  
3               cover all or part of the tuition, fees and  
4               transportation costs of a qualified school for  
5               eligible special needs students which is accredited by  
6               the State Board of Education or an accrediting  
7               association approved by the Board pursuant to Section  
8               3-104 of Title 70 of the Oklahoma Statutes;

9           4.    "Low-income eligible student" means an eligible student or  
10           eligible special needs student who qualifies for a free or reduced-  
11           price lunch;

12           5.    "Qualified school" means an elementary or secondary private  
13           school in this state, including schools which provide  
14           prekindergarten educational programs for four-year-olds, which:

- 15               a.    is accredited by the State Board of Education or an  
16                      accrediting association approved by the Board pursuant  
17                      to Section 3-104 of Title 70 of the Oklahoma Statutes,  
18               b.    is in compliance with all applicable health and safety  
19                      laws and codes,  
20               c.    has a stated policy against discrimination in  
21                      admissions on the basis of race, color, national  
22                      origin or disability, and  
23  
24

d. ensures academic accountability to parents and guardians of students through regular progress reports;

6. "Qualified school for eligible special needs students" means an elementary or secondary private school in a county in this state;

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

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

b. distributes periodic scholarship payments as checks made out to an eligible student's or eligible special needs student's parent or guardian and mailed to the qualified school where the student is enrolled,

c. spends no more than ten percent (10%) of its annual revenue on expenditures other than educational scholarships as defined in paragraph 3 of this subsection,

d. spends each year a portion of its expenditures on educational scholarships for low-income eligible students, as defined in paragraph 4 of this subsection, in an amount equal to or greater than the percentage of low-income eligible students in the state,

- e. ensures that scholarships are portable during the school year and can be used at any qualified school that accepts the eligible student or at any qualified school for special needs students that accepts the eligible special needs student,
- f. registers with the Oklahoma Tax Commission as a scholarship-granting organization, and
- g. has policies in place to:
  - (1) carry out criminal background checks on all employees and board members to ensure that no individual is involved with the organization who might reasonably pose a risk to the appropriate use of contributed funds, and
  - (2) maintain full and accurate records with respect to the receipt of contributions and expenditures of those contributions and supply such records and any other documentation required by the Tax Commission to demonstrate financial accountability;

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

1        9. "Public school" means public schools as defined in Section  
2 1-106 of Title 70 of the Oklahoma Statutes;

3        10. "Eligible school" means any public school that is not  
4 located within a ten-mile radius of a qualified school in this  
5 state, or any public school that is located within a ten-mile radius  
6 of a qualified school in this state but offers grade-level  
7 instruction different from the qualified school or any public school  
8 located within a public school district with fewer than four  
9 thousand five hundred (4,500) students;

10       11. "Early childhood education program" means a program  
11 provided to children who are at least four (4) years of age but not  
12 more than five (5) years of age on or before September 1;

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

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

23       14. "Educational improvement grant organization" means an  
24 organization which:

- 1           a.    is a nonprofit entity exempt from taxation pursuant to  
2                   the provisions of the Internal Revenue Code, 26  
3                   U.S.C., Section 501(c)(3), and
- 4           b.    contributes at least ninety percent (90%) of its  
5                   annual receipts as grants to eligible schools for  
6                   innovative educational programs. For purposes of this  
7                   subparagraph, an educational improvement grant  
8                   organization contributes its annual cash receipts when  
9                   it expends or otherwise irrevocably encumbers those  
10                  funds for expenditure during the then current fiscal  
11                  year of the organization or during the next succeeding  
12                  fiscal year of the organization.

13       G. Total credits authorized by this section shall be allocated  
14 as follows:

15       1. By January 10 of the year immediately following each  
16 calendar year, a scholarship-granting organization or an educational  
17 improvement grant organization which accepts contributions pursuant  
18 to this section shall provide electronically to the Tax Commission  
19 information on each contribution accepted during such taxable year.  
20 At least once each taxable year, the scholarship-granting  
21 organization or the educational improvement grant organization shall  
22 notify each contributor that Oklahoma law provides for a total,  
23 statewide cap on the amount of income tax credits allowed annually;  
24

1        2.    a.    If the Tax Commission determines the total combined  
2                credits claimed for contributions made to scholarship-  
3                granting organizations during the most recently  
4                completed calendar year by all single individual  
5                taxpayers and married individuals filing jointly are  
6                in excess of One Million Seven Hundred Fifty Thousand  
7                Dollars (\$1,750,000.00), plus any additional amount  
8                allocated pursuant to subsection H of this section,  
9                the Tax Commission shall determine the percentage of  
10              the contribution which establishes the proportionate  
11              share of the credit which may be claimed by any  
12              taxpayer so that the maximum credits authorized by  
13              subparagraph a of paragraph 2 of subsection B of this  
14              section are not exceeded.

15            b.    If the Tax Commission determines the total combined  
16                credits claimed for contributions made to scholarship-  
17                granting organizations during the most recently  
18                completed calendar year by all taxpayers not subject  
19                to subparagraph a of this paragraph are in excess of  
20                One Million Seven Hundred Fifty Thousand Dollars  
21                (\$1,750,000.00), plus any additional amount allocated  
22                pursuant to subsection H of this section, the Tax  
23                Commission shall determine the percentage of the  
24                contribution which establishes the proportionate share

1 of the credit which may be claimed by any taxpayer so  
2 that the maximum credits authorized by subparagraph b  
3 of paragraph 2 of subsection B of this section are not  
4 exceeded.

5 c. If the Tax Commission determines the total combined  
6 credits claimed for contributions made to educational  
7 improvement grant organizations during the most  
8 recently completed calendar year by all single  
9 individual taxpayers, married individuals filing  
10 jointly and all other taxpayers are in excess of One  
11 Million Five Hundred Thousand Dollars (\$1,500,000.00),  
12 plus any additional amount allocated pursuant to  
13 subsection H of this section, the Tax Commission shall  
14 determine the percentage of the contribution which  
15 establishes the proportionate share of the credit  
16 which may be claimed by any taxpayer so that the  
17 maximum credits authorized by subparagraph a of  
18 paragraph 3 of subsection C of this section are not  
19 exceeded; and

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



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

3 H. The provisions of this subsection shall be applicable with  
4 respect to any calendar year for which any one of the tax credit  
5 pools is fully utilized and for which one or both of the remaining  
6 tax credit pool amounts are not fully utilized.

7 1. If for any calendar year there is any amount of available  
8 credit remaining pursuant to the provisions of paragraph 2 of  
9 subsection G of this section, and only one of the other tax credit  
10 pools has been fully utilized, the remaining amount from the tax  
11 credit pool which was not fully utilized shall be allocated to and  
12 added to the total tax credit pool amount for the other tax credit.

13 2. If for any calendar year there is any amount of available  
14 credit remaining pursuant to the provisions of paragraph 2 of  
15 subsection G of this section, and the other two tax credit pools  
16 have both been fully utilized, the remaining amount from the tax  
17 credit pool which was not fully utilized shall be divided by the  
18 whole number two (2) and the resulting amount shall be allocated to  
19 and added to the amount of available tax credits for each of the  
20 other tax credit pools.

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

23

24

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

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

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

12 b. describes the proposed innovative educational program  
13 or programs supported by the organization.

14 2. The Tax Commission shall review and approve or disapprove  
15 the application, in consultation with the State Department of  
16 Education.

17 3. In order to maintain eligibility under this section, an  
18 educational improvement grant organization shall annually report the  
19 following information to the Tax Commission by September 1 of each  
20 year:

21 a. the name of the innovative educational program or  
22 programs and the total amount of the grant or grants  
23 made to those programs during the immediately preceding  
24 school year,

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

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

21          5. The Tax Commission shall not require any other information  
22 be provided by an organization, except as expressly authorized in  
23 this section.  
24

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

9 SECTION 23. AMENDATORY 68 O.S. 2011, Section 2357.401,  
10 is amended to read as follows:

11 Section 2357.401. A. Except as otherwise provided by  
12 subsections B and C of this section, for taxable years beginning  
13 January 1, 2009, and ending before January 1, 2016, there shall be  
14 allowed a credit against the tax imposed pursuant to Section 2355 of  
15 ~~Title 68 of the Oklahoma Statutes~~ this title in the amount of all  
16 electronic funds transfers fees paid by an individual or entity  
17 pursuant to ~~Section 11 of this act~~ Section 2-503.1j of Title 63 of  
18 the Oklahoma Statutes.

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

1 2009, and the tax year ending December 31, 2010, on the income tax  
2 return filed for the tax year ending December 31, 2010.

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

12 D. The credit authorized by this section shall not be used to  
13 reduce the income tax liability of the taxpayer to less than zero  
14 (0).

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

18 SECTION 24. AMENDATORY 68 O.S. 2011, Section 2357.402,  
19 is amended to read as follows:

20 Section 2357.402. A. As used in this section:

21 1. "Electric motor vehicle" means a new motor vehicle  
22 originally equipped to be propelled only by electricity and that may  
23 be legally operated on both interstate highways and turnpikes in  
24 this state and that is eligible for registration pursuant to the

1 Oklahoma Vehicle License and Registration Act. The term does not  
2 include:

3 a. medium-speed electric motor vehicles, or

4 b. low-speed electric motor vehicles;

5 2. "Electric motor vehicle manufacturer" means an entity that  
6 has received a manufacturer exemption permit pursuant to the

7 provisions of Section 1359.2 of ~~Title 68 of the Oklahoma Statutes~~

8 this title. Adding modifications to existing electric motor

9 vehicles, existing medium-speed electric motor vehicles or existing

10 low-speed electric motor vehicles shall not be considered

11 manufacturing for purposes of this section;

12 3. "Low-speed electric motor vehicle" means a new four-wheeled  
13 electrical vehicle that is powered by an electric motor that draws

14 current from rechargeable storage batteries or other sources of

15 electrical current and whose top speed is greater than twenty (20)

16 miles per hour but not greater than twenty-five (25) miles per hour

17 and is manufactured in compliance with the National Highway Traffic

18 Safety Administration standards as contained in 49 C.F.R. 571.500.

19 In order to be eligible the vehicle must be eligible for

20 registration pursuant to the Oklahoma Vehicle License and

21 Registration Act; and

22 4. "Medium-speed electric motor vehicle" means any self-

23 propelled, electrically powered four-wheeled motor vehicle, equipped

24 with a roll cage or crush-proof body design, whose speed attainable

1 in one (1) mile is more than thirty (30) miles per hour but not  
2 greater than thirty-five (35) miles per hour and, other than the  
3 speed requirement, is manufactured in compliance with the National  
4 Highway Traffic Safety Administration standards as contained in 49  
5 C.F.R. 571.500. In order to be eligible the vehicle must be  
6 eligible for registration pursuant to the Oklahoma Vehicle License  
7 and Registration Act.

8 B. ~~There~~ For taxable years ending before January 1, 2016, there  
9 shall be allowed a one-time credit to electric motor vehicle  
10 manufacturers against the income tax imposed by Section 2355 of  
11 ~~Title 68 of the Oklahoma Statutes~~ this title for electric motor  
12 vehicles, medium-speed electric motor vehicles and low-speed  
13 electric motor vehicles manufactured after June 30, 2010.

14 C. The credit provided for in subsection B of this section  
15 shall be as follows:

16 1. For an electric motor vehicle defined in paragraph 1 of  
17 subsection A of this section a per-vehicle-manufactured credit of  
18 Two Thousand Dollars (\$2,000.00);

19 2. For a medium-speed electric motor vehicle defined in  
20 paragraph 4 of subsection A of this section a per-vehicle-  
21 manufactured credit of One Thousand Dollars (\$1,000.00); and

22 3. For a low-speed electric motor vehicle defined in paragraph  
23 3 of subsection A of this section a per-vehicle-manufactured credit  
24 of Five Hundred Dollars (\$500.00).

1       D. If the tax credit allowed pursuant to this section exceeds  
2 the amount of income taxes due or if there are no state income taxes  
3 due on the income of the taxpayer, the amount of the credit not used  
4 as an offset against the income taxes of a taxable year may be  
5 carried forward as a credit against subsequent income tax liability  
6 for a period not to exceed five (5) years.

7       E. The Oklahoma Tax Commission is herein empowered to  
8 promulgate rules by which the purpose of this section shall be  
9 administered.

10       F. The credit authorized by this section shall not be claimed  
11 with respect to any one vehicle based upon multiple definitions as  
12 set out in subsection A of this section even if such vehicle would  
13 otherwise qualify for tax credits based upon qualification pursuant  
14 to more than one definition.

15       SECTION 25.       AMENDATORY       68 O.S. 2011, Section 2358.7, as  
16 amended by Section 2, Chapter 161, O.S.L. 2012 (68 O.S. Supp. 2012,  
17 Section 2358.7), is amended to read as follows:

18       Section 2358.7. A. For taxable years beginning after December  
19 31, 2004, and ending before January 1, 2016, there shall be allowed  
20 as a credit against the tax imposed pursuant to Section 2355 of this  
21 title an amount equal to:

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



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

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

21        C. For each year subsequent to the first year for which a  
22 volunteer firefighter may claim the tax credit authorized by  
23 paragraph 1 of subsection A of this section, in order to claim any  
24 further tax credits pursuant to paragraph 1 of subsection A of this

1 section, the volunteer firefighter shall be required to provide  
2 documentation that the firefighter has completed an additional six  
3 (6) hours of State Support or State Basic Firefighter or Firefighter  
4 I from an internationally recognized accrediting assembly or board,  
5 their equivalent, or other related fire or emergency medical  
6 services training approved by the Council on Firefighter Training  
7 until such program or its equivalent is completed. For purposes of  
8 this subsection, equivalency shall be determined by the Oklahoma  
9 Council on Firefighter Training and Oklahoma State University Fire  
10 Service Training. For purposes of this subsection, Firefighter I or  
11 Firefighter II certifications or their equivalents may be provided  
12 in lieu of the State Support or State Basic Firefighter completion.

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

17 1. Complete at least six (6) hours of continuing education each  
18 year until the volunteer firefighter completes Intermediate or  
19 Advanced Firefighter or Firefighter I from an internationally  
20 recognized accrediting assembly or board, their equivalent, or other  
21 related fire or emergency medical services training approved by the  
22 Council on Firefighter Training or its equivalent. For purposes of  
23 this paragraph, equivalency shall be determined by the Oklahoma  
24

1 Council on Firefighter Training and Oklahoma State University Fire  
2 Service Training;

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

12 3. Provide documentation from the fire chief of the applicable  
13 department that the firefighter has been provided and participated  
14 in all annual training as required by federal and state authorities;  
15 and

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

22 E. The Office of the State Fire Marshal and the Oklahoma  
23 Council on Firefighter Training shall prescribe a reporting form for  
24

1 use by volunteer fire departments and by volunteer firefighters in  
2 order to provide the certifications required by this section.

3 F. The Oklahoma Tax Commission may require copies of such  
4 reporting form provided by the Oklahoma Council on Firefighter  
5 Training regarding training history to verify eligibility for the  
6 tax credits provided by this section.

7 SECTION 26. AMENDATORY 68 O.S. 2011, Section 2370, is  
8 amended to read as follows:

9 Section 2370. A. For taxable years beginning after December  
10 31, 1989, for the privilege of doing business within this state,  
11 every state banking association, national banking association and  
12 credit union organized under the laws of this state, located or  
13 doing business within the limits of the State of Oklahoma shall  
14 annually pay to this state a privilege tax at the rate of six  
15 percent (6%) of the amount of the taxable income as provided in this  
16 section.

17 B. 1. The privilege tax levied by this section shall be in  
18 addition to the Business Activity Tax levied in Section 1218 of this  
19 title and the franchise tax levied in Article 12 of this title and  
20 in lieu of the tax levied by Section 2355 of this title and in lieu  
21 of all taxes levied by the State of Oklahoma, or any subdivision  
22 thereof, upon the shares of stock or personal property of any  
23 banking association or credit union subject to taxation under this  
24 section.

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

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

15        C. Any tax levied under this section shall accrue on the last  
16 day of the taxable year and be payable as provided in Section 2375  
17 of this title. The accrual of such tax for the first taxable year  
18 to which this act applies, shall apply notwithstanding the prior  
19 accrual of a tax in the same taxable year based upon the net income  
20 of the next preceding taxable year; provided, however, any  
21 additional deduction enuring to the benefit of the taxpayer shall be  
22 deducted in accordance with the optional transitional deduction  
23 procedures in Section 2354 of this title.

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

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

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

17       E. 1. Except as otherwise provided in paragraph 2 of this  
18 subsection, for taxable years ending before January 1, 2016, there  
19 shall be allowed a credit against the tax levied in subsection A of  
20 this section in an amount equal to the amount of taxable income  
21 received by a participating financial institution as defined in  
22 Section 90.2 of Title 62 of the Oklahoma Statutes pursuant to a loan  
23 made under the Rural Economic Development Loan Act. Such credit  
24 shall be limited each year to five percent (5%) of the amount of

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

12 2. No credit otherwise authorized by the provisions of this  
13 ~~subsection~~ section may be claimed for any event, transaction,  
14 investment, expenditure or other act occurring ~~on or after~~ during  
15 the time period beginning on July 1, 2010, and ending on June 30,  
16 2012, for which the credit would otherwise be allowable. ~~The~~  
17 ~~provisions of this paragraph shall cease to be operative on July 1,~~  
18 ~~2012. Beginning July 1, 2012, the~~ The credit authorized by this  
19 ~~subsection~~ section may be claimed for any event, transaction,  
20 investment, expenditure or other act occurring ~~on or after~~ during  
21 the time period beginning on July 1, 2012, and ending on December  
22 31, 2015, according to the provisions of this ~~subsection~~ section.

23 SECTION 27. AMENDATORY 68 O.S. 2011, Section 2370.3, is  
24 amended to read as follows:

1       Section 2370.3. A. There shall be allowed a credit against the  
2 tax imposed by Section 2370 of ~~Title 68 of the Oklahoma Statutes~~  
3 this title for any state banking association, national banking  
4 association, or credit union domiciled in this state for the amount  
5 of the origination fee paid by the banking association or credit  
6 union to the United States Department of Education pursuant to the  
7 "Stafford" loan guaranty program for an Oklahoma resident.

8       B. Except as provided in subsection F of this section, the  
9 credit authorized by this section may be claimed for origination  
10 fees paid on or after July 1, 2007, and before January 1, 2016.

11       C. No credit may be claimed pursuant to this section if,  
12 pursuant to the agreement between the banking association or credit  
13 union and the student to which proceeds are made available, the  
14 banking association or credit union adds the amount of the U.S.  
15 Department of Education origination fee to the amount financed by  
16 the borrower or in any other way recovers the origination fee amount  
17 from the borrower.

18       D. The credit authorized by this section may be claimed, and if  
19 not fully used in the initial year for which the credit is claimed,  
20 may be carried over, in order, to each of the five (5) succeeding  
21 taxable years. The credit authorized by this section may not be  
22 used to reduce the tax liability of the credit claimant below zero  
23 (0).  
24



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

6 F. No credit otherwise authorized by the provisions of this  
7 section may be claimed for any event, transaction, investment,  
8 expenditure or other act occurring ~~on or after~~ during the time  
9 period beginning on July 1, 2010, and ending on June 30, 2012, for  
10 which the credit would otherwise be allowable. ~~The provisions of~~  
11 ~~this subsection shall cease to be operative on July 1, 2012.~~  
12 ~~Beginning July 1, 2012, the~~ The credit authorized by this section  
13 may be claimed for any event, transaction, investment, expenditure  
14 or other act occurring ~~on or after~~ during the time period beginning  
15 on July 1, 2012, and ending on December 31, 2015, according to the  
16 provisions of this section.

17 SECTION 28. AMENDATORY 68 O.S. 2011, Section 2905, is  
18 amended to read as follows:

19 Section 2905. The provisions of Sections 2904 through 2911 of  
20 this title shall apply only to persons sixty-five (65) years of age  
21 or older or to any totally disabled person, who is head of a  
22 household, was a resident of and domiciled in this state during the  
23 entire preceding calendar year, and whose gross household income  
24 does not exceed the amount of Twelve Thousand Dollars (\$12,000.00)

1 for any calendar year and may be claimed only for taxable years  
2 ending before January 1, 2016. The provisions of these sections  
3 shall be administered by the Oklahoma Tax Commission, which shall  
4 devise and furnish appropriate forms for claims, reports of  
5 household income, proof of property taxes paid, and such other forms  
6 as may be deemed necessary to support claims made pursuant to said  
7 sections.

8 SECTION 29. AMENDATORY 68 O.S. 2011, Section 5011, is  
9 amended to read as follows:

10 Section 5011. A. Except as otherwise provided by this section,  
11 beginning with the calendar year 1990 and for each calendar year  
12 through 1998, and for calendar year 2003, any individual who is a  
13 resident of and is domiciled in this state during the entire  
14 calendar year for which the filing is made and whose gross household  
15 income for such year does not exceed Twelve Thousand Dollars  
16 (\$12,000.00) may file a claim for sales tax relief.

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

22 1. For an individual not subject to the provisions of paragraph  
23 2 of this subsection and claiming no allowable personal exemption  
24 other than the allowable personal exemption for that individual or

1 the spouse of that individual, Fifteen Thousand Dollars  
2 (\$15,000.00); or

3 2. For an individual claiming one or more allowable personal  
4 exemptions other than the allowable personal exemption for that  
5 individual or the spouse of that individual, an individual with a  
6 physical disability constituting a substantial handicap to  
7 employment, or an individual who is sixty-five (65) years of age or  
8 older at the close of the tax year, Thirty Thousand Dollars  
9 (\$30,000.00).

10 C. For calendar years 2000, 2001, ~~2005 and following~~ and 2005  
11 through 2015, an individual who is a resident of and is domiciled in  
12 this state during the entire calendar year for which the filing is  
13 made may file a claim for sales tax relief if the gross household  
14 income for such year does not exceed the following amounts:

15 1. For an individual not subject to the provisions of paragraph  
16 2 of this subsection and claiming no allowable personal exemption  
17 other than the allowable personal exemption for that individual or  
18 the spouse of that individual, Twenty Thousand Dollars (\$20,000.00);  
19 or

20 2. For an individual claiming one or more allowable personal  
21 exemptions other than the allowable personal exemption for that  
22 individual or the spouse of that individual, an individual with a  
23 physical disability constituting a substantial handicap to  
24 employment, or an individual who is sixty-five (65) years of age or

1 older at the close of the tax year, Fifty Thousand Dollars  
2 (\$50,000.00) .

3 D. The amount of the claim filed pursuant to the Sales Tax  
4 Relief Act shall be Forty Dollars (\$40.00) multiplied by the number  
5 of allowable personal exemptions. As used in the Sales Tax Relief  
6 Act, "allowable personal exemption" means a personal exemption to  
7 which the taxpayer would be entitled pursuant to the provisions of  
8 the Oklahoma Income Tax Act, except for:

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

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

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

19 E. A person convicted of a felony shall not be permitted to  
20 file a claim for sales tax relief pursuant to the provisions of  
21 Sections 5010 through 5016 of this title for the period of time  
22 during which the person is an inmate in the custody of the  
23 Department of Corrections. Such period of time shall include the  
24 entire calendar year if the person is in the custody of the

1 Department of Corrections during any part of the calendar year. The  
2 provisions of this subsection shall not prohibit all other members  
3 of the household of an inmate from filing a claim based upon the  
4 personal exemptions to which the household members would be entitled  
5 pursuant to the provisions of the Oklahoma Income Tax Act.

6 F. The Department of Corrections shall withhold up to fifty  
7 percent (50%) of any money inmates receive for claims made pursuant  
8 to the Sales Tax Relief Act prior to September 1, 1991, for costs of  
9 incarceration.

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

14 SECTION 30. AMENDATORY 68 O.S. 2011, Section 54006, is  
15 amended to read as follows:

16 Section 54006. A. Except as provided in subsection F of this  
17 section, for taxable years beginning after December 31, 1992, and  
18 before January 1, 2003, and for taxable years beginning after  
19 December 31, 2005, and before January 1, 2016, there shall be  
20 allowed a credit against the tax imposed by Section 2355 of this  
21 title for a net increase in the number of full-time-equivalent  
22 employees engaged in computer services, data processing or research  
23 and development as defined in Section 54003 of this title, in this  
24 state including employees engaged in support services.

1       B. The credit provided for in subsection A of this section  
2 shall be allowed in each of the four (4) subsequent years only if  
3 the level of new employees is maintained in the subsequent year;  
4 provided, such credit shall be allowed in each of the eight (8)  
5 subsequent years only if the level of new employees is maintained in  
6 the subsequent year and if the credit is taken for taxable years  
7 beginning after December 31, 2005. In calculating the credit by the  
8 number of new employees, only those employees whose paid wages or  
9 salary were at least Thirty-five Thousand Dollars (\$35,000.00)  
10 during each year the credit is claimed shall be included in the  
11 calculation. The number of new employees shall be determined by  
12 comparing the monthly average number of full-time employees subject  
13 to Oklahoma income tax withholding for the final quarter of the  
14 taxable year with the corresponding period of the prior taxable  
15 year, as substantiated by such reports as may be required by the Tax  
16 Commission.

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

1 after December 31, 2005, in order to be eligible to receive the  
2 credit provided for in subsection A of this section, a new or  
3 expanding business shall not include the existing employee positions  
4 of any business enterprise that is directly or beneficially owned by  
5 a corporation, trust, joint venture, proprietorship, or partnership  
6 doing business in this state as of January 1, 2005.

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

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

15 F. 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~~ during the time  
18 period beginning on July 1, 2010, and ending on June 30, 2012, 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~~ The credit authorized by this section  
22 may be claimed for any event, transaction, investment, expenditure  
23 or other act occurring ~~on or after~~ during the time period beginning  
24

1 on July 1, 2012, and ending on December 31, 2015, according to the  
2 provisions of this section.

3 SECTION 31. This act shall become effective November 1, 2013.

4 Passed the Senate the 26th day of February, 2013.

5  
6 \_\_\_\_\_  
7 Presiding Officer of the Senate

8 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
9 2013.

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11 \_\_\_\_\_  
12 Presiding Officer of the House  
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