STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

SENATE BILL 323 By: Mazzei

AS INTRODUCED

An Act relating to income and premium taxes; amending 27A O.S. 2011, Section 2-11-303, which relates to income tax; limiting time period during which specified credits may be claimed; deleting applicability provision; amending 68 O.S. 2011, Sections 2357, 2357.4, 2357.6, 2357.11, 2357.24, 2357.26, 2357.27, 2357.30, 2357.32A, 2357.33, 2357.41, 2357.43, 2357.45, 2357.46, 2357.47, 2357.81, 2357.101, 2357.102, 2357.104, 2357.203, 2357.206 2357.401, 2357.402, 2358.7, 2370, 2370.3, 2905, 5011 and 54006, which relate to tax credits; limiting time period during which credit may be claimed for taxes paid to another state, based upon federal child or child care expenses, for amount of gas used in manufacturing, for investment in certain property and net increase in employment, for certain contributions to specified fund, for mining and other activities related to coal, for sale of national historic landmark, for expenses incurred for providing child care services for employees, for expenses incurred for entities engaged in the business of child care, for certain amounts paid as a guaranty fee, for sale of specified electricity, for amounts paid for certain immunizations, for qualified historic rehabilitation expenditures, for a percentage of federal earned income tax credit, for donations to certain research institutes, for energy efficient residential construction, for certain eligible wages and modification expenses, for ad valorem taxes for facility locating in certain district, for profit from investment in specified film or music project, for costs of purchase of dry fire hydrant, for qualified railroad reconstruction or replacement expenditures, for qualified direct costs associated with specially trained canine business, for donations to certain organizations, for electronic fund transfer fees, for electric motor vehicle manufacturer; for obtaining certain certification; for payment of bank privilege tax, for payment of certain loan origination fee, for net increase in employees engaged in specified activities, for specified property tax relief, and for specified sales tax relief; deleting certain applicability provisions; conforming language; and providing an effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

2. For tax years beginning after December 31, 2007 <u>and ending before January 1, 2016</u>, there shall be allowed to a resident individual or part-year resident individual or nonresident individual member of the Armed Forces as a credit against the tax imposed by Section 2355 of this title twenty percent (20%) of the credit for child care expenses allowed under the Internal Revenue

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

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

2. As used in this subsection:

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

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

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

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

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

(4) gas, any part of which is resold by the manufacturing establishment, except as to that part and quantity of the gas which is actually used by the establishment and not resold, and

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

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

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

1. Those credits provided in this section; and

2. Those credits authorized by Sections 2-5-101 through ~~2-5-118~~ 2-5-117 of Title 27A of the Oklahoma Statutes, which have been, or

may hereafter be, certified pursuant to applications therefor made on or before March 22, 1971. Provided, the total amount of the credits referred to in this subparagraph to be taken by the taxpayer shall not exceed the certified net investment cost of the facilities or processes to which such credits pertain, reduced by the greater of:

a. the reduction in federal income tax of taxpayer as the result of deducting depreciation on such facilities or processes, or deducting nondepreciable costs for which credit has been so certified, or

b. the increase in the amount of Oklahoma income tax that would result if taxable income were increased by the amount deducted as set forth in subparagraph a of this paragraph.

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

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

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

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

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

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

1. Investment in qualified depreciable property with a total cost equal to or greater than Forty Million Dollars ($40,000,000.00)

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

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

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

D. If a business entity fails to expend the amount required by paragraph 1 or paragraph 2 of subsection B of this section within the time required, the business entity may not claim the credit authorized by subsection B of this section, but shall be allowed to claim a credit pursuant to subsection A of this section if the requirements of subsection A of this section are met with respect to the investment in qualified depreciable property or net increase in the number of full-time-equivalent employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

J. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable until the provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, according to the provisions of this section; provided, credits accrued during the period from July 1, 2010, through June 30, 2012, shall be limited to a period of two (2) taxable years. The credit shall be limited in each taxable year to fifty percent (50%) of the total amount of the accrued credit. Any tax credits which accrue during the period of July 1, 2010, through June 30, 2012, may not be claimed for any period prior to the taxable year beginning January 1, 2012. No credits which accrue during the period of July 1, 2010, through June 30, 2012, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2012.

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

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

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

July 1, 2012 <u>and ending on December 31, 2015</u>, according to the provisions of this section.

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

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

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

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

3. For the period of July 1, 2006 through December 31, 2006, and for tax years beginning on or after January 1, 2007, and ending

on or before December 31, 2014, the credit shall be in the amount of Two Dollars and eighty-five cents ($2.85) per ton for each ton of Oklahoma-mined coal purchased by such person.

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

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

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

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

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

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

E. In addition to the credit allowed pursuant to the provisions of subsection D of this section and except as otherwise provided in subsection F of this section, for tax years beginning on or after January 1, 2001, and ending on or before December 31, 2005, and for the period of January 1, 2006, through June 30, 2006, there shall be allowed a credit against the tax imposed by Section 1803 or Section 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma Statutes for every person in this state primarily engaged in mining, producing or extracting coal, and holding a valid permit issued by the Oklahoma Department of Mines in the amount of ninety-five cents ($0.95) per ton for each ton of coal mined, produced or extracted from thin seams in this state by such person; provided, the credit shall not apply to such coal sold to any consumer who purchases at least seven hundred fifty thousand (750,000) tons of Oklahoma-mined coal per year.

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

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

H. The additional credits allowed pursuant to subsections B, C, D and E of this section but not used shall be freely transferable after January 1, 2002, by written agreement to subsequent transferees at any time during the five (5) years following the year of qualification; provided, the additional credits allowed pursuant to the provisions of paragraph 4 of subsection B of this section but not used shall be freely transferable after January 1, 2008, by written agreement to subsequent transferees at any time during the five (5) years following the year of qualification. An eligible transferee shall be any taxpayer subject to the tax imposed by Section 1803 or Section 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma Statutes. The person originally allowed the credit and the subsequent transferee shall jointly file a copy of the written credit transfer agreement with the Tax Commission within thirty (30) days of the transfer. The written agreement shall contain the name, address and taxpayer identification number of the parties to the transfer, the amount of credit being transferred, the year the credit was originally allowed to the transferring person and the tax year or years for which the credit may be claimed. The Tax Commission may promulgate rules to permit verification of the validity and timeliness of a tax credit claimed upon a tax return pursuant to this subsection but shall not promulgate any rules which unduly restrict or hinder the transfers of such tax credit.

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

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

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

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

M. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2010, and ending on June 30, 2012, for which the credit would otherwise be allowable. ~~The provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the~~ The credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2012, and ending on December 31, 2014, according to the provisions of this section.

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

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

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

C. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax deduction that would have been allowed for a joint return. If record title to the property is held in more than one individual other than a husband and wife, each owner shall be allowed the deduction in the same percentage as that individual's percentage of ownership in the property. In no event shall the total deduction allowed by this section exceed fifty percent (50%) in the taxable year of the capital gain realized on the sale of the property.

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

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

Section 2357.26. A. Except as otherwise provided by subsection G of this section, for tax years beginning after December 31, 2001, and ending before January 1, 2016, there shall be allowed a credit against the tax imposed by Section 2355 of this title for employers incurring eligible expenses in connection with the provision of child care services.

B. As used in this section:

1. "Eligible expenses" means amounts paid for:

a. the purchase of qualifying child care services that are actually provided to children of employees, at a program licensed by the Department of Human Services with a rating of two stars or higher pursuant to rules promulgated by the Department, at a:

(1) child care center, or

(2) family child care home,

b. planning, preparing a site and constructing a child care center,

c. renovating or remodeling a structure to be used for a child care center,

d. purchasing equipment necessary for use by a child care center,

e. expanding a child care center,

f. maintaining and operating a child care center, including paying direct administrative and staff costs,

g. purchasing child care slots actually provided or reserved for children of employees, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. The credit authorized by this section shall only be claimed against the tax liability resulting from income generated by the small business. If an income tax return upon which this credit is claimed includes taxable income from sources other than the small business, the credit shall only be allowed to be claimed upon a percentage of the income tax liability which does not exceed the percentage of income generated by the small business as compared to the total Oklahoma adjusted gross income shown on the return. The Oklahoma Tax Commission shall promulgate rules and prescribe forms to implement the provisions of this section.

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

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

B. For facilities placed in operation on or after January 1, 2003, and before January 1, 2007, the electricity generated on or after January 1, 2003, but prior to January 1, 2004, the amount of the credit shall be seventy-five one hundredths of one cent ($0.0075) for each kilowatt-hour of electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2004, but prior to January 1, 2007, the amount of the credit shall be fifty one hundredths of one cent ($0.0050) per kilowatt-hour for electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2007, but prior to January 1, 2012, the amount of the credit shall be twenty-five one hundredths of one cent ($0.0025) per kilowatt-hour of electricity generated by zero-emission facilities. For facilities placed in operation on or after January 1, 2007, and before January 1, 2016, for the electricity generated by these facilities the amount of the credit shall be fifty one hundredths of one cent ($0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities.

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

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

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

F. The amount of the credit allowed, but not used, shall be freely transferable at any time during the ten (10) years following the year of qualification. Any person to whom or to which a tax credit is transferred shall have only such rights to claim and use the credit under the terms that would have applied to the entity by whom or by which the tax credit was transferred. The provisions of this ~~subsection~~ paragraph shall not limit the ability of a tax credit transferee to reduce the tax liability of the transferee, regardless of the actual tax liability of the tax credit transferor, for the relevant taxable period. The transferor initially allowed the credit and any subsequent transferees shall jointly file a copy of any written transfer agreement with the Oklahoma Tax Commission within thirty (30) days of the transfer. The written agreement shall contain the name, address and taxpayer identification number or social security number of the parties to the transfer, the amount of the credit being transferred, the year the credit was originally allowed to the transferor, and the tax year or years for which the credit may be claimed. The Tax Commission may promulgate rules to permit verification of the validity and timeliness of the tax credit claimed upon a tax return pursuant to this ~~subsection~~ paragraph but shall not promulgate any rules that unduly restrict or hinder the transfers of such tax credit. The tax credit allowed by this section, upon the election of the taxpayer, may be claimed as a payment of tax, a prepayment of tax or a payment of estimated tax for purposes of Section 1803 or Section 2355 of this title.

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

H. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2010, and ending on June 30, 2011, for which the credit would otherwise be allowable ~~until the provisions of this subsection shall cease to be operative on July 1, 2011~~.

Beginning July 1, 2011, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ <u>during the time period beginning on</u> July 1, 2010 <u>and ending on December 31, 2015</u>, according to the provisions of this section. Any tax credits which accrue during the period of July 1, 2010, through June 30, 2011, may not be claimed for any period prior to the taxable year beginning January 1, 2012. No credits which accrue during the period of July 1, 2010, through June 30, 2011, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2012.

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

Section 2357.33. A. Except as otherwise provided by subsection E of this section, for taxable years beginning after December 31, 1999<u>, and ending before January 1, 2016</u>, there shall be allowed a credit against the tax imposed by Section 2355 of this title for amounts paid by a taxpayer operating one or more food service establishments for immunizations against Hepatitis A for employees of the taxpayer who work in such establishments.

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

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

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

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

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

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

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

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

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

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

F. The amount of the credit allowed for any credit claimed for a certified historic hotel or historic newspaper plant building or any certified historic structure, but not used, shall be freely transferable, in whole or in part, to subsequent transferees at any time during the five (5) years following the year of qualification. Any person to whom or to which a tax credit is transferred shall have only such rights to claim and use the credit under the terms that would have applied to the entity by whom or by which the tax credit was transferred. The provisions of this subsection shall not limit the ability of a tax credit transferee to reduce the tax liability of the transferee regardless of the actual tax liability of the tax credit transferor for the relevant taxable period. The transferor of the credit and the transferee shall jointly file a copy of the written credit transfer agreement with the Oklahoma Tax

Commission within thirty (30) days of the transfer. Such filing of the written credit transfer agreement with the ~~Oklahoma~~ Tax Commission shall perfect such transfer. The written agreement shall contain the name, address and taxpayer identification number of the parties to the transfer, the amount of credit being transferred, the year the credit was originally allowed to the transferor, the tax year or years for which the credit may be claimed, and a representation by the transferor that the transferor has neither claimed for its own behalf nor conveyed such credits to any other transferee. The Tax Commission shall develop a standard form for use by subsequent transferees of the credit demonstrating eligibility for the transferee to reduce its applicable tax liabilities resulting from ownership of the credit. The Tax Commission shall develop a system to record and track the transfers of the credit and certify the ownership of the credit and may promulgate rules to permit verification of the validity and timeliness of a tax credit claimed upon a tax return pursuant to this subsection but shall not promulgate any rules which unduly restrict or hinder the transfers of such tax credit.

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

H. As used in this section:

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

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

3. "Qualified rehabilitation expenditures" means capital expenditures that qualify for the federal rehabilitation credit provided in Section 47 of Title 26 of the United States Code and that were paid after December 31, 2000. Qualified rehabilitation expenditures do not include capital expenditures for nonhistoric additions except an addition that is required by state or federal regulations that relate to safety or accessibility. In addition,

qualified rehabilitation expenditures do not include expenditures related to the cost of acquisition of the property.

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

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

Section 2357.43. For tax years beginning after December 31, 2001, and ending before January 1, 2016, there shall be allowed to a resident individual or a part-year resident individual as a credit against the tax imposed by Section 2355 of this title five percent

(5%) of the earned income tax credit allowed under Section 32 of the Internal Revenue Code of the United States, 26 U.S.C., Section 32. However, this credit shall not be paid in advance pursuant to the provisions of Section 3507 of the Internal Revenue Code. If the credit exceeds the tax imposed by Section 2355 of this title, the excess amount shall be refunded to the taxpayer. The maximum earned income tax credit allowable on the Oklahoma income tax return shall be prorated on the ratio that Oklahoma adjusted gross income bears to the federal adjusted gross income.

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

Section 2357.45. A. 1. For tax years beginning after December 31, 2004, <u>and ending before January 1, 2016,</u> there shall be allowed against the tax imposed by Section 2355 of this title, a credit for any taxpayer who makes a donation to an independent biomedical research institute and for tax years beginning after December 31, 2010, <u>and ending before January 1, 2016,</u> a credit for any taxpayer who makes a donation to a cancer research institute.

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

a. for calendar year 2007 and all subsequent years <u>for which the credit may be claimed</u>, the credit percentage, not to exceed fifty percent (50%), shall be adjusted annually so that the total estimate of the credits does not exceed Two Million Dollars ($2,000,000.00) annually. The formula to be used for the percentage adjusted shall be fifty percent (50%) times One Million Dollars ($1,000,000.00) divided by the credits claimed in the preceding year for each donation to an independent biomedical research institute and fifty percent (50%) times One Million Dollars ($1,000,000.00) divided by the credits claimed in the preceding year for each donation to a cancer research institute,

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

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

d. in no event shall more than fifty percent (50%) of the Two Million Dollars ($2,000,000.00) in total tax credits authorized by this section, for any calendar year after ~~the effective date of this act~~ <u>January 1,</u>

2011, be allocated for credits for donations to a cancer research institute, and

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

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

a. have a board of directors,

b. be able to accept grants in its own name,

c. be an identifiable institute that has its own employees and administrative staff, and

d. receive at least Fifteen Million Dollars ($15,000,000.00) in National Institute of Health funding each year.

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

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

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

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

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

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

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

Section 2357.46. A. Except as otherwise provided by subsection G of this section, for tax years beginning after December 31, 2005, and ending before January 1, 2016, there shall be allowed a credit against the tax imposed by Section 2355 of ~~Title 68 of Oklahoma Statutes~~ this title for eligible expenditures incurred by a contractor in the construction of energy efficient residential property of two thousand (2,000) square feet or less. The amount of the credit shall be based upon the following:

1. For any eligible energy efficient residential property constructed and certified as forty percent (40%) or more above the International Energy Conservation Code 2003 and any supplement in effect at the time of completion, the amount of the credit shall be

equal to the eligible expenses, not to exceed Four Thousand Dollars ($4,000.00) for the taxpayer who is the contractor; and

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

B. As used in this section:

1. "Eligible expenditure" means any:

a. energy efficient heating or cooling system,

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

c. exterior windows, including skylights,

d. exterior doors, and

e. any metal roof installed on a residential property, but only if such roof has appropriate pigmented coatings which are specifically and primarily designed to reduce the heat gain of such dwelling unit and which meet Energy Star program requirements;

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

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

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

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

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

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

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

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

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

SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.47, is amended to read as follows:

Section 2357.47. A. 1. Except as otherwise provided in subsection D of this section, for tax years beginning after December 31, 2005, and ending before January 1, 2016, there shall be allowed against the tax imposed by Section 2355 of this title, a credit for eligible wages paid by an employer to an employee. The amount of the credit shall be ten percent (10%) of the amount of the gross wages paid to the employee for a period not to exceed ninety (90) days but in no event shall the credit exceed Five Thousand Dollars ($5,000.00) for each employee of each taxpayer. In no event shall the total credit claimed exceed Twenty-five Thousand Dollars ($25,000.00) in any one year for any taxpayer.

2. Except as otherwise provided by subsection D of this section, for tax years beginning after December 31, 2005, and ending before January 1, 2016, there shall be allowed against the tax

imposed by Section 2355 of this title, a credit for eligible modification expenses of an employer. The amount of the credit shall be fifty percent (50%) of the amount of the funds expended for eligible modification expenses or new tools or equipment but in no event shall the credit exceed One Thousand Dollars ($1,000.00) for eligible modification expenses incurred for any single employee. In no event shall the total credit claimed exceed Ten Thousand Dollars ($10,000.00) in any year for any taxpayer.

3. As used in this section:

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

b. "eligible wages" means gross wages paid by an employer to an employee who is injured as a result of an injury which is compensable under the Workers' Compensation Act and which are paid beginning when the employee returns to work with restricted duties as provided by the employee's treating physician or an independent medical examiner before the employee has reached maximum medical improvement, and ending after ninety (90) days or when the employee has reached maximum medical improvement, and

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

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

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

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

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

Section 2357.81. A. Subject to the limitation imposed pursuant to subsection C of Section 842 of Title 62 of the Oklahoma Statutes and except as otherwise provided by subsection F of this section, for taxable years beginning after December 31, 2000, and ending before January 1, 2016, there shall be allowed as a credit against the tax imposed pursuant to Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title, an amount equal to one hundred percent (100%) of the amount of ad valorem taxes exempted pursuant to the provisions of Section 860 of Title 62 of the Oklahoma Statutes for an enterprise locating a new facility within or expanding an existing facility within an enterprise zone as designated pursuant to Section 690.2 of ~~Title 68 of the Oklahoma Statutes~~ this title if such facility is also located within an incentive district.

B. The income tax credit authorized by this section shall only be available, to the extent otherwise allowable and except as otherwise provided by subsection F of this section, for ad valorem taxes for which an exemption has been provided pursuant to Section 860 of Title 62 of the Oklahoma Statutes on or after January 1,

2001. The county assessor of the county in which the facility is located, or any part of the facility, shall provide an annual certification to the Oklahoma Tax Commission not later than January 31 of each calendar year as to the amount of ad valorem taxes which would have been payable by the owner of the facility without the exemption provided by Section 860 of Title 62 of the Oklahoma Statutes.

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

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

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

F. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2010, and ending on June 30, 2012, for which the credit would otherwise be allowable. ~~The provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the~~ The credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2012, and ending on December 31, 2015, according to the 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 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene material as defined in paragraph 1 of subsection B of Section 1024.1 of Title 21 of the Oklahoma Statutes including, but not limited to, national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters,

licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets;

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

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

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

a. wages or salaries of persons who have earned income from working on a film or music project in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,

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

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

d. the cost of editing and related services,

e. rental of facilities and equipment, and

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

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

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

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

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

c. the percent of the taxpayer's taxable income allocated to Oklahoma in a taxable year, and

d. subtract from the result of the formula calculated pursuant to subparagraphs a through c of this paragraph the profit made by a taxpayer from investment in an existing Oklahoma film or music project in previous taxable years. Profit shall include either a net profit or net loss;

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

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

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

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

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

c. The Oklahoma Tax Commission shall prescribe forms by which an entity may be certified to a production company as a qualified vendor for purposes of this section; and

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

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

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

Section 2357.102. A. Except as otherwise provided by subsection G of this section, for taxable years beginning after December 31, 2005, and ending before January 1, 2016, there shall be allowed a credit against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for the cost of the purchase of a dry fire hydrant or the cost to provide an acceptable means of water storage for such dry fire hydrant including a pond, tank, or other storage facility with the primary purpose of fire protection within the State of Oklahoma. The credit shall be equal to fifty percent (50%) of the purchase price of the dry fire hydrant or the actual expenditure for any new water storage construction, equipment, development and installation of the dry hydrant, including pipes, valves, hydrants, and labor for each installation of a dry hydrant or new water storage facility but in no event shall the amount of the credit exceed Five Thousand Dollars ($5,000.00) for each taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

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

C. The credit allowed pursuant to subsection A of this section but not used shall be freely transferable, by written agreement, to subsequent transferees at any time during the five (5) years following the year of qualification. An eligible transferee shall be any taxpayer subject to the tax imposed by Section 2355 of this title. The person originally allowed the credit and the subsequent transferee shall jointly file a copy of the written credit transfer agreement with the Oklahoma Tax Commission within thirty (30) days of the transfer. The written agreement shall contain the name, address and taxpayer identification number of the parties to the transfer, the amount of credit being transferred, the year the credit was originally allowed to the transferring person and the tax year or years for which the credit may be claimed. The Tax Commission shall promulgate rules to permit verification of the timeliness of a tax credit claimed upon a tax return pursuant to this subsection but shall not promulgate any rules which unduly restrict or hinder the transfers of such tax credit. The Department of Transportation shall promulgate rules to permit verification of the eligibility of an eligible taxpayer's expenditures for the purpose of claiming the credit. The rules shall provide for the approval of qualified railroad reconstruction or replacement expenditures prior to commencement of a project and provide a certificate of verification upon completion of a project that uses qualified railroad reconstruction or replacement expenditures. The certificate of verification shall satisfy all requirements of the Tax Commission pertaining to the eligibility of the person claiming the credit.

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

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

F. As used in this section:

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

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

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

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

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

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

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

Section 2357.203. A. As used in this section:

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

2. "Qualified direct costs" means expenditures, other than nonqualified operating expenditures, to construct dog kennels, fences, pens, training areas for canines, structures for office space or other improvements to real property necessary for the proper training of a specially trained canine, including the cost of food, water, veterinary expenses and other costs directly related to the operation of the training facility; and

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

B. Except as provided in subsection F of this section, for taxable years beginning after December 31, 2005, and ending before January 1, 2016, there shall be allowed a credit against the tax imposed pursuant to Section 2355 of ~~Title 68 of the Oklahoma~~

~~Statutes~~ this title in the amount of fifty percent (50%) of the qualified direct costs associated with the operation of a business enterprise the principal purpose of which is the rearing of specially trained canines.

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

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

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

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

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

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

B. 1. Except as provided in subsection E of this section, after ~~the effective date of this act~~ August 26, 2011, and before January 1, 2016, there shall be allowed a credit for any taxpayer who makes a contribution to an eligible scholarship-granting organization. The credit shall be equal to fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars ($1,000.00) for single individuals, Two Thousand Dollars ($2,000.00) for married individuals filing jointly, or One Hundred Thousand Dollars ($100,000.00) for any taxpayer which is a legal business entity including limited and general partnerships, corporations, and limited liability companies; provided, if total credits claimed pursuant to this paragraph exceed the caps established pursuant to paragraph 2 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.

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

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

c. Each 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.

C. 1. Except as provided in subsection E of this section, after ~~the effective date of this act~~ August 26, 2011 and before January 1, 2016, there shall be allowed a credit for any taxpayer who makes a contribution to an eligible educational improvement grant organization. The credit shall be equal to fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars ($1,000.00) for single individuals, Two Thousand Dollars ($2,000.00) for married individuals filing jointly, or One Hundred Thousand Dollars ($100,000.00) for any taxpayer which is a legal business entity including limited and general partnerships, corporations, and limited liability companies; 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.

2. For any taxpayer who makes a contribution to an eligible educational improvement grant organization and makes a written commitment to contribute the same amount for two (2) additional 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 organization if that organization's percentage of funds actually awarded is less than ninety percent (90%). For purposes of this section, the "percentage of funds actually awarded" shall be determined by dividing the total amount of funds actually awarded as educational scholarships or educational improvement grants over the most recent twenty-four (24) months by the total amount available to award as educational scholarships or educational improvement grants over the most recent twenty-four (24) months.

E. Any tax credits which are earned by a taxpayer pursuant to this section during the time period beginning on ~~the effective date of this act~~ August 26, 2011 through December 31, 2012, may not be claimed for any period prior to the taxable year beginning January 1, 2013. No credits which accrue during the time period beginning on ~~the effective date of this act~~ August 26, 2011 through December

31, 2012, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2013.

F. As used in this section:

1. "Eligible student" means a child of school age who is lawfully present in the United States and who is a member of a household in which the total annual income during the preceding tax year does not exceed an amount equal to three hundred percent (300%) of the income standard used to qualify for a free or reduced school lunch or who, during the immediately preceding school year, attended or, by virtue of the location of such student's place of residence, was eligible to attend a public school in this state which has been identified for school improvement as determined by the State Board of Education pursuant to the requirements of the No Child Left Behind Act of 2001, P.L. No. 107-110. Once a student has received an educational scholarship, as defined in paragraph 3 of this subsection, the student and any siblings who are members of the same household shall remain eligible until they graduate from high school or reach twenty-one (21) years of age, whichever occurs first;

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

3. "Educational scholarships" means:

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

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

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

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

a. is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes,

b. is in compliance with all applicable health and safety laws and codes,

c. has a stated policy against discrimination in admissions on the basis of race, color, national origin or disability, and

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;

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

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

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

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

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

14. "Educational improvement grant 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), and

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

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

1. By January 10 of the year immediately following each calendar year, a scholarship-granting organization or an educational improvement grant organization which accepts contributions pursuant

to this section shall provide electronically to the Tax Commission information on each contribution accepted during such taxable year. At least once each taxable year, the scholarship-granting organization or the educational improvement grant organization shall notify each contributor that Oklahoma law provides for a total, statewide cap on the amount of income tax credits allowed annually;

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

b. If the Tax Commission determines the total combined credits claimed for contributions made to scholarship-granting organizations during the most recently completed calendar year by all taxpayers not subject to subparagraph a of this paragraph are in excess of One Million Seven Hundred Fifty Thousand Dollars ($1,750,000.00), plus any additional amount allocated pursuant to subsection H of this section, the Tax Commission shall determine the percentage of the contribution which establishes the proportionate share of the credit which may be claimed by any taxpayer so that the maximum credits authorized by subparagraph b of paragraph 2 of subsection B of this section are not exceeded.

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

3. The Tax Commission shall publish the percentage of the contribution which may be claimed as a credit by contributors for the most recently completed calendar year on the Tax Commission website no later than February 15 of each calendar year for contributions made the previous year. Each scholarship-granting organization or educational improvement grant organization shall notify contributors of that amount annually.

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

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

2. If for any calendar year there is any amount of available credit remaining pursuant to the provisions of paragraph 2 of subsection G of this section, and the other two tax credit pools have both been fully utilized, the remaining amount from the tax credit pool which was not fully utilized shall be divided by the

whole number two (2) and the resulting amount shall be allocated to and added to the amount of available tax credits for each of the other tax credit pools.

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

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

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

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

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

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

3. In order to maintain eligibility under this section, an educational improvement grant organization shall annually report the

following information to the Tax Commission by September 1 of each year:

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

b. a description of how each grant was utilized during the immediately preceding school year and a description of any demonstrated or expected innovative educational improvements,

c. the names of the public school and school districts where innovative educational programs that received grants during the immediately preceding school year were implemented,

d. where the organization collects information on a county-by-county basis, and

e. the total number and total amount of grants made during the immediately preceding school year for innovative educational programs at public school by each county in which the organization made grants.

4. The information required under paragraph 3 of this subsection shall be submitted on a form provided by the Tax Commission. No later than May 1 of each year, the Tax Commission shall annually distribute sample forms together with the forms on

which the reports are required to be made to each approved organization.

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

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

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

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

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

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

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

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

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

Section 2357.402. A. As used in this section:

1. "Electric motor vehicle" means a new motor vehicle originally equipped to be propelled only by electricity and that may be legally operated on both interstate highways and turnpikes in this state and that is eligible for registration pursuant to the Oklahoma Vehicle License and Registration Act. The term does not include:

a. medium-speed electric motor vehicles, or

b. low-speed electric motor vehicles;

2. "Electric motor vehicle manufacturer" means an entity that has received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of ~~Title 68 of the Oklahoma Statutes~~ this title. Adding modifications to existing electric motor vehicles, existing medium-speed electric motor vehicles or existing low-speed electric motor vehicles shall not be considered manufacturing for purposes of this section;

3. "Low-speed electric motor vehicle" means a new four-wheeled electrical vehicle that is powered by an electric motor that draws current from rechargeable storage batteries or other sources of electrical current and whose top speed is greater than twenty (20) miles per hour but not greater than twenty-five (25) miles per hour and is manufactured in compliance with the National Highway Traffic

Safety Administration standards as contained in 49 C.F.R. 571.500. In order to be eligible the vehicle must be eligible for registration pursuant to the Oklahoma Vehicle License and Registration Act; and

4. "Medium-speed electric motor vehicle" means any self-propelled, electrically powered four-wheeled motor vehicle, equipped with a roll cage or crush-proof body design, whose speed attainable in one (1) mile is more than thirty (30) miles per hour but not greater than thirty-five (35) miles per hour and, other than the speed requirement, is manufactured in compliance with the National Highway Traffic Safety Administration standards as contained in 49 C.F.R. 571.500. In order to be eligible the vehicle must be eligible for registration pursuant to the Oklahoma Vehicle License and Registration Act.

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

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

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

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

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

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

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

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

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

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

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

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

B. In order to claim the tax credit authorized by paragraph 1 of subsection A of this section, a volunteer firefighter shall be required to provide adequate documentation to the Oklahoma Tax Commission of at least twelve (12) credited hours toward the State Support or State Basic Firefighter or Firefighter I from an internationally recognized accrediting assembly or board, their equivalent, or other related fire or emergency medical services training approved by the Council on Firefighter Training and offered by Oklahoma State University Fire Service Training or Oklahoma

Department of Career and Technology Education prior to or during the first taxable year for which a tax credit is claimed pursuant to paragraph 1 of subsection A of this section. For the purpose of this subsection, the local fire chief shall be the authority having jurisdiction and shall choose and approve all volunteer firefighter training in the applicable department.

C. For each year subsequent to the first year for which a volunteer firefighter may claim the tax credit authorized by paragraph 1 of subsection A of this section, in order to claim any further tax credits pursuant to paragraph 1 of subsection A of this section, the volunteer firefighter shall be required to provide documentation that the firefighter has completed an additional six (6) hours of State Support or State Basic Firefighter or Firefighter I from an internationally recognized accrediting assembly or board, their equivalent, or other related fire or emergency medical services training approved by the Council on Firefighter Training until such program or its equivalent is completed. For purposes of this subsection, equivalency shall be determined by the Oklahoma Council on Firefighter Training and Oklahoma State University Fire Service Training. For purposes of this subsection, Firefighter I or Firefighter II certifications or their equivalents may be provided in lieu of the State Support or State Basic Firefighter completion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

E. 1. Except as otherwise provided in paragraph 2 of this subsection, for taxable years ending before January 1, 2016, there shall be allowed a credit against the tax levied in subsection A of this section in an amount equal to the amount of taxable income received by a participating financial institution as defined in Section 90.2 of Title 62 of the Oklahoma Statutes pursuant to a loan made under the Rural Economic Development Loan Act. Such credit shall be limited each year to five percent (5%) of the amount of annual payroll certified by the Oklahoma Rural Economic Development Loan Program Review Board pursuant to the provisions of paragraph 3 of subsection B of Section 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan made by the participating financial institution and may be claimed for any number of years necessary until the amount of total credits claimed is equal to the total amount of taxable income received by the participating financial institution pursuant to the loan. Any credit allowed but not used in a taxable year may be carried forward for a period not to exceed five (5) taxable years. In no event shall a credit allowed pursuant to the provisions of this subsection be transferable or refundable.

2. No credit otherwise authorized by the provisions of this ~~subsection~~ section may be claimed for any event, transaction, investment, expenditure or other act occurring ~~on or after~~ during the time period beginning on July 1, 2010, and ending on June 30, 2012, for which the credit would otherwise be allowable. ~~The~~

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

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

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

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

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

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

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

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

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

Section 2905. The provisions of Sections 2904 through 2911 of this title shall apply only to persons sixty-five (65) years of age or older or to any totally disabled person, who is head of a household, was a resident of and domiciled in this state during the entire preceding calendar year, and whose gross household income does not exceed the amount of Twelve Thousand Dollars ($12,000.00) for any calendar year <u>and may be claimed only for taxable years ending before January 1, 2016</u>. The provisions of these sections shall be administered by the Oklahoma Tax Commission, which shall devise and furnish appropriate forms for claims, reports of household income, proof of property taxes paid, and such other forms as may be deemed necessary to support claims made pursuant to said sections.

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

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

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

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

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

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

1. For an individual not subject to the provisions of paragraph 2 of this subsection and claiming no allowable personal exemption

other than the allowable personal exemption for that individual or the spouse of that individual, Twenty Thousand Dollars ($20,000.00); or

2. For an individual claiming one or more allowable personal exemptions other than the allowable personal exemption for that individual or the spouse of that individual, an individual with a physical disability constituting a substantial handicap to employment, or an individual who is sixty-five (65) years of age or older at the close of the tax year, Fifty Thousand Dollars ($50,000.00).

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

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

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

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

E. A person convicted of a felony shall not be permitted to file a claim for sales tax relief pursuant to the provisions of Sections 5010 through 5016 of this title for the period of time during which the person is an inmate in the custody of the Department of Corrections. Such period of time shall include the entire calendar year if the person is in the custody of the Department of Corrections during any part of the calendar year. The provisions of this subsection shall not prohibit all other members of the household of an inmate from filing a claim based upon the personal exemptions to which the household members would be entitled pursuant to the provisions of the Oklahoma Income Tax Act.

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

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

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

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

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

C. For credits taken for taxable years beginning after December 31, 1992, and before January 1, 2003, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 1992. For credits taken for taxable years beginning after December 31, 2005, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 2005.

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

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

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

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

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