

1 state by a resident individual, as defined in paragraph 4 of Section
2 2353 of this title, upon income received as compensation for
3 personal services in such other state; provided, such credit shall
4 not be allowed with respect to any income specified in Section 114
5 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon
6 which a state is prohibited from imposing an income tax. The credit
7 shall not exceed such proportion of the tax payable under Section
8 2355 of this title as the compensation for personal services subject
9 to tax in the other state and also taxable under Section 2355 of
10 this title bears to the Oklahoma adjusted gross income as defined in
11 paragraph 13 of Section 2353 of this title.

12 2. ~~For~~

13 a. Except as otherwise provided in subparagraph b of this
14 paragraph, for tax years beginning after December 31,
15 2007, there shall be allowed to a resident individual
16 or part-year resident individual or nonresident
17 individual member of the Armed Forces as a credit
18 against the tax imposed by Section 2355 of this title
19 twenty percent (20%) of the credit for child care
20 expenses allowed under the Internal Revenue Code of
21 the United States or five percent (5%) of the child
22 tax credit allowed under the Internal Revenue Code,
23 whichever amount is greater. Neither credit
24 authorized by this paragraph shall exceed the tax

1 imposed by Section 2355 of this title. The maximum
2 child care credit allowable on the Oklahoma income tax
3 return shall be prorated on the ratio that Oklahoma
4 adjusted gross income bears to the federal adjusted
5 gross income. The credit authorized by this paragraph
6 shall not be claimed by any taxpayer if the federal
7 adjusted gross income reflected on the Oklahoma return
8 for the taxpayer is in excess of One Hundred Thousand
9 Dollars (\$100,000.00).

10 b. No credit otherwise authorized by the provisions of
11 subparagraph a of this paragraph may be claimed for
12 any event, transaction, investment, expenditure or
13 other act occurring on or after July 1, 2016, for
14 which the credit would otherwise be allowable. The
15 provisions of this subsection shall cease to be
16 operative on July 1, 2018. Beginning July 1, 2018,
17 the credit authorized by this paragraph may be claimed
18 for any event, transaction, investment, expenditure or
19 other act occurring on or after July 1, 2018,
20 according to the provisions of this paragraph.

21 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.4, as
22 amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,
23 Section 2357.4), is amended to read as follows:
24

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

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

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

22 B. Except as otherwise provided in subsection F of Section 3658
23 of this title and in subsections J ~~and~~, K and L of this section, for
24 taxable years beginning after December 31, 1998, there shall be

1 allowed a credit against the tax imposed by Section 2355 of this
2 title for:

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

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

18 C. The business entity may claim the credit authorized by
19 subsection B of this section for expenditures incurred or for a net
20 increase in the number of full-time-equivalent employees after the
21 business entity provides proof satisfactory to the Oklahoma Tax
22 Commission that the conditions imposed pursuant to paragraph 1 or
23 paragraph 2 of subsection B of this section have been satisfied.
24

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

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

1 which a credit has previously been allowed is acquired from a
2 related party, the date such property is placed in service by the
3 transferor shall be considered to be the date such property is
4 placed in service by the transferee, for purposes of determining the
5 aggregate number of years for which credit may be allowed.

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

1 quarter of the taxable year with the corresponding period of the
2 prior taxable year, as substantiated by such reports as may be
3 required by the Tax Commission.

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

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

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

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

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

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

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

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

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

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

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

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

19 J. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2010, for
22 which the credit would otherwise be allowable until the provisions
23 of this subsection shall cease to be operative on July 1, 2012.
24 Beginning July 1, 2012, the credit authorized by this section may be

1 claimed for any event, transaction, investment, expenditure or other
2 act occurring on or after July 1, 2010, according to the provisions
3 of this section; provided, credits accrued during the period from
4 July 1, 2010, through June 30, 2012, shall be limited to a period of
5 two (2) taxable years. The credit shall be limited in each taxable
6 year to fifty percent (50%) of the total amount of the accrued
7 credit. Any tax credits which accrue during the period of July 1,
8 2010, through June 30, 2012, may not be claimed for any period prior
9 to the taxable year beginning January 1, 2012. No credits which
10 accrue during the period of July 1, 2010, through June 30, 2012, may
11 be used to file an amended tax return for any taxable year prior to
12 the taxable year beginning January 1, 2012.

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

19 L. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2016, for
22 which the credit would otherwise be allowable. The provisions of
23 this subsection shall cease to be operative on July 1, 2018.
24 Beginning July 1, 2018, the credit authorized by this section may be

1 claimed for any event, transaction, investment, expenditure or other
2 act occurring on or after July 1, 2018, according to the provisions
3 of this section.

4 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.11, as
5 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
6 Section 2357.11), is amended to read as follows:

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

11 B. 1. Except as provided in ~~subsection M~~ subsections M and N
12 of this section, for tax years beginning on or after January 1,
13 1993, and ending on or before December 31, 2021, there shall be
14 allowed a credit against the tax imposed by Section 1803 or Section
15 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
16 Statutes for every person in this state furnishing water, heat,
17 light or power to the state or its citizens, or for every person in
18 this state burning coal to generate heat, light or power for use in
19 manufacturing operations located in this state.

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

1 3. For the period of July 1, 2006 through December 31, 2006,
2 and for tax years beginning on or after January 1, 2007, and ending
3 on or before December 31, 2021, the credit shall be in the amount of
4 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of
5 Oklahoma-mined coal purchased by such person.

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

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

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

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

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

9 D. Except as otherwise provided in subsection E of this section
10 and in ~~subsection M~~ subsections M and N of this section, for tax
11 years beginning on or after January 1, 2001, and ending on or before
12 December 31, 2021, there shall be allowed a credit against the tax
13 imposed by Section 1803 or Section 2355 of this title or Section 624
14 or 628 of Title 36 of the Oklahoma Statutes for every person in this
15 state primarily engaged in mining, producing or extracting coal, and
16 holding a valid permit issued by the Oklahoma Department of Mines.
17 For tax years beginning on or after January 1, 2001, and ending on
18 or before December 31, 2005, and for the period beginning January 1,
19 2006, through June 30, 2006, the credit shall be in the amount of
20 ninety-five cents (\$0.95) per ton and for the period of July 1,
21 2006, through December 31, 2006, and for tax years beginning on or
22 after January 1, 2007, the credit shall be in the amount of Five
23 Dollars (\$5.00) for each ton of coal mined, produced or extracted in
24 on, under or through a permit in this state by such person.

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

16 F. In addition to the credit allowed pursuant to the provisions
17 of subsection D of this section and except as otherwise provided in
18 subsection G of this section, for tax years beginning on or after
19 January 1, 2005, and ending on or before December 31, 2005, and for
20 the period of January 1, 2006, through June 30, 2006, there shall be
21 allowed a credit against the tax imposed by Section 1803 or Section
22 2355 of this title or that portion of the tax imposed by Section 624
23 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
24 to and placed into the General Revenue Fund, in the amount of

1 ninety-five cents (\$0.95) per ton for each ton of coal mined,
2 produced or extracted from thin seams in this state by such person
3 on or after July 1, 2005.

4 G. The credits provided in subsections D and E of this section
5 shall not be allowed for coal mined, produced or extracted in any
6 month in which the average price of coal is Sixty-eight Dollars
7 (\$68.00) or more per ton, excluding freight charges, as determined
8 by the Tax Commission.

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

1 shall contain the name, address and taxpayer identification number
2 of the parties to the transfer, the amount of credit being
3 transferred, the year the credit was originally allowed to the
4 transferring person and the tax year or years for which the credit
5 may be claimed. The Tax Commission may promulgate rules to permit
6 verification of the validity and timeliness of a tax credit claimed
7 upon a tax return pursuant to this subsection but shall not
8 promulgate any rules which unduly restrict or hinder the transfers
9 of such tax credit.

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

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

5 J. Any person receiving tax credits pursuant to the provisions
6 of this section shall apply the credits against taxes payable or,
7 subject to the limitation that credits earned after December 31,
8 2013, shall not be transferred, shall transfer the credits as
9 provided in this section or, for credits earned on or after January
10 1, 2014, shall receive a refund pursuant to the provisions of
11 subsection L of this section. Credits shall not be used to lower
12 the price of any Oklahoma-mined coal sold that is produced by a
13 subsidiary of the person receiving a tax credit under this section
14 to other buyers of the Oklahoma-mined coal.

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

21 L. 1. With respect to credits allowed pursuant to the
22 provisions of subsections B, C, D, E and F of this section earned
23 prior to January 1, 2014, but not used in any tax year may be
24

1 carried over in order to each of the five (5) years following the
2 year of qualification.

3 2. With respect to credits allowed pursuant to the provisions
4 of subsections B, C, D, E and F of this section which are earned but
5 not used, based upon activity occurring on or after January 1, 2014,
6 the Oklahoma Tax Commission shall, at the taxpayer's election,
7 refund directly to the taxpayer eighty-five percent (85%) of the
8 face amount of such credits. The direct refund of the credits
9 pursuant to this paragraph shall be available to all taxpayers,
10 including, without limitation, pass-through entities and taxpayers
11 subject to Section 2355 of this title. The amount of any direct
12 refund of credits actually received at the eighty-five percent (85%)
13 level by the taxpayer pursuant to this paragraph shall not be
14 subject to the tax imposed by Section 2355 of this title. If the
15 pass-through entity does not file a claim for a direct refund, the
16 pass-through entity shall allocate the credit to one or more of the
17 shareholders, partners or members of the pass-through entity;
18 provided, the total of all credits refunded or allocated shall not
19 exceed the amount of the credit or refund to which the pass-through
20 entity is entitled. For the purposes of this paragraph, "pass-
21 through entity" means a corporation that for the applicable tax year
22 is treated as an S corporation under the Internal Revenue Code of
23 1986, as amended, general partnership, limited partnership, limited
24 liability partnership, trust or limited liability company that for

1 the applicable tax year is not taxed as a corporation for federal
2 income tax purposes.

3 M. No credit otherwise authorized by the provisions of this
4 section may be claimed for any event, transaction, investment,
5 expenditure or other act occurring on or after July 1, 2010, for
6 which the credit would otherwise be allowable. The provisions of
7 this subsection shall cease to be operative on July 1, 2012.
8 Beginning July 1, 2012, the credit authorized by this section may be
9 claimed for any event, transaction, investment, expenditure or other
10 act occurring on or after July 1, 2012, according to the provisions
11 of this section.

12 N. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2016, for
15 which the credit would otherwise be allowable. The provisions of
16 this subsection shall cease to be operative on July 1, 2018.
17 Beginning July 1, 2018, the credit authorized by this section may be
18 claimed for any event, transaction, investment, expenditure or other
19 act occurring on or after July 1, 2018, according to the provisions
20 of this section.

21 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.22, as
22 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
23 2015, Section 2357.22), is amended to read as follows:
24

1 Section 2357.22. A. ~~For~~ Except as provided in subsection J of
2 this section, for tax years beginning before January 1, 2020, there
3 shall be allowed a one-time credit against the income tax imposed by
4 Section 2355 of this title for investments in qualified clean-
5 burning motor vehicle fuel property placed in service after December
6 31, 1990.

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

9 1. Equipment installed to modify a motor vehicle which is
10 propelled by gasoline or diesel fuel so that the vehicle may be
11 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
12 natural gas or liquefied petroleum gas; provided, equipment
13 installed on a vehicle propelled by a hydrogen fuel cell shall only
14 be eligible for tax year 2010. The equipment covered by this
15 paragraph must:

- 16 a. be new, not previously used to modify or retrofit any
17 vehicle propelled by gasoline or diesel fuel and be
18 installed by an alternative fuels equipment technician
19 who is certified in accordance with the Alternative
20 Fuels Technician Certification Act,
21 b. meet all Federal Motor Vehicle Safety Standards set
22 forth in 49 CFR 571, or
23
24

1 c. for any commercial motor vehicle (CMV), follow the
2 Federal Motor Carrier Safety Regulations or Oklahoma
3 Intrastate Motor Carrier Regulations;

4 2. A motor vehicle originally equipped so that the vehicle may
5 be propelled by a hydrogen fuel cell, compressed natural gas,
6 liquefied natural gas or liquefied petroleum gas but only to the
7 extent of the portion of the basis of such motor vehicle which is
8 attributable to the storage of such fuel, the delivery to the engine
9 of such motor vehicle of such fuel, and the exhaust of gases from
10 combustion of such fuel. A motor vehicle originally equipped so
11 that the vehicle may be propelled by a hydrogen fuel cell shall only
12 be eligible for tax year 2010;

13 3. Property, not including a building and its structural
14 components, which is:

15 a. directly related to the delivery of compressed natural
16 gas, liquefied natural gas or liquefied petroleum gas,
17 or hydrogen, for commercial purposes or for a fee or
18 charge, into the fuel tank of a motor vehicle
19 propelled by such fuel including compression equipment
20 and storage tanks for such fuel at the point where
21 such fuel is so delivered but only if such property is
22 not used to deliver such fuel into any other type of
23 storage tank or receptacle and such fuel is not used
24

1 for any purpose other than to propel a motor vehicle,
2 or

- 3 b. a metered-for-fee, public access recharging system for
4 motor vehicles propelled in whole or in part by
5 electricity. The property covered by this paragraph
6 must be new, and must not have been previously
7 installed or used to refuel vehicles powered by
8 compressed natural gas, liquefied natural gas or
9 liquefied petroleum gas, hydrogen or electricity.

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

13 4. Property which is directly related to the compression and
14 delivery of natural gas from a private home or residence, for
15 noncommercial purposes, into the fuel tank of a motor vehicle
16 propelled by compressed natural gas. The property covered by this
17 paragraph must be new and must not have been previously installed or
18 used to refuel vehicles powered by natural gas.

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

22 D. The credit provided for in subsection A of this section
23 shall be as follows:

1 1. After ~~the effective date of this act~~ August 22, 2014, for
2 the qualified clean-burning motor vehicle fuel property defined in
3 paragraph 1 or 2 of subsection B of this section, forty-five percent
4 (45%) of the cost of the qualified clean-burning motor vehicle fuel
5 property;

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

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

15 E. In cases where no credit has been claimed pursuant to
16 paragraph 1 of subsection D of this section by any prior owner and
17 in which a motor vehicle is purchased by a taxpayer with qualified
18 clean-burning motor vehicle fuel property installed by the
19 manufacturer of such motor vehicle and the taxpayer is unable or
20 elects not to determine the exact basis which is attributable to
21 such property, the taxpayer may claim a credit in an amount not
22 exceeding the lesser of ten percent (10%) of the cost of the motor
23 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).
24

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

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

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

15 I. Notwithstanding the provisions of Section 2352 of this
16 title, for the fiscal year beginning on July 1, 2014, and each
17 fiscal year thereafter, the Tax Commission shall calculate an amount
18 that equals five percent (5%) of the cost of qualified clean-burning
19 motor vehicle fuel property as provided for in paragraph 1 of
20 subsection D of this section for tax year 2012. For each subsequent
21 fiscal year thereafter, the Tax Commission shall perform the same
22 computation with respect to the second tax year preceding the
23 beginning of each subsequent fiscal year. The Tax Commission shall
24 then transfer an amount equal to the amount calculated in this

1 subsection from the revenue derived pursuant to the provisions of
2 subsections A, B and E of Section 2355 of this title to the
3 Compressed Natural Gas Conversion Safety and Regulation Fund created
4 in ~~Section 13 of this act~~ Section 130.25 of Title 74 of the Oklahoma
5 Statutes.

6 J. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2016, for
9 which the credit would otherwise be allowable. The provisions of
10 this subsection shall cease to be operative on July 1, 2018.

11 Beginning July 1, 2018, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2018, according to the provisions
14 of this section.

15 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.27, as
16 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2015,
17 Section 2357.27), is amended to read as follows:

18 Section 2357.27. A. Except as otherwise provided by ~~subsection~~
19 ~~E~~ subsections E and F of this section, for tax years beginning after
20 December 31, 1998, and ending before January 1, 2017, there shall be
21 allowed a credit against the tax imposed by Section 2355 of this
22 title for eligible expenses incurred by entities primarily engaged
23 in the business of providing child care services.
24

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

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

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

15 E. No credit otherwise authorized by the provisions of this
16 section may be claimed for any event, transaction, investment,
17 expenditure or other act occurring on or after July 1, 2010, for
18 which the credit would otherwise be allowable. The provisions of
19 this subsection shall cease to be operative on July 1, 2012.
20 Beginning July 1, 2012, the credit authorized by this section may be
21 claimed for any event, transaction, investment, expenditure or other
22 act occurring on or after July 1, 2012, according to the provisions
23 of this section.
24

1 F. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2016, for
4 which the credit would otherwise be allowable. The provisions of
5 this subsection shall cease to be operative on July 1, 2018.

6 SECTION 7. AMENDATORY Section 5, Chapter 370, O.S.L.
7 2013, as last amended by Section 5, Chapter 329, O.S.L. 2014 (68
8 O.S. Supp. 2015, Section 2357.29A), is amended to read as follows:

9 Section 2357.29A. A. ~~For~~ Except as otherwise provided in
10 subsection F of this section, for tax years beginning after December
11 31, 2011, there shall be allowed a credit against the tax imposed by
12 Section 2355 of this title for owners of residential real property
13 whose primary residence was damaged or destroyed in a natural
14 disaster occurring after December 31, 2011, for which a Presidential
15 Major Disaster Declaration was issued or with respect to calendar
16 year 2012 or calendar year 2013 for which a Presidential Major
17 Disaster Declaration was not issued. The amount of the credit shall
18 be the difference between the ad valorem property tax paid on such
19 property and improvements in the year prior to the damage or
20 destruction and the amount of ad valorem property tax paid on the
21 property and improvements the first year after the improvement is
22 complete. For purposes of this credit, the amount of ad valorem
23 property tax paid the first year after the improvement is complete
24 shall be based on the same or similar square footage as the property

1 which was damaged or destroyed. For purposes of this section, a
2 "natural disaster" shall mean a weather or fire event for which a
3 Presidential Major Disaster Declaration was issued; provided,
4 however, that with respect to damage or destruction caused by a
5 tornado occurring in calendar year 2012 or in calendar year 2013 for
6 which a Presidential Major Disaster Declaration was not issued,
7 "natural disaster" shall include such a tornadic occurrence.

8 B. The credit shall be a refundable credit. Eligible taxpayers
9 shall be entitled to claim this credit for five (5) consecutive
10 years. After the first year the credit is claimed, the amount of the
11 credit shall be eighty percent (80%) of the previous year's credit.
12 If the taxpayer has no income tax liability, or if the credit exceeds
13 the amount of the income tax liability of the taxpayer, then the
14 credit, or balance thereof, shall be paid out in the same manner and
15 out of the same fund as refunds of income taxes are paid and so much
16 of the fund as is necessary for such purposes is hereby appropriated.

17 C. In order to qualify for this credit:

18 1. The property shall have been damaged or destroyed by a
19 natural disaster after December 31, 2011;

20 2. The property shall be within an area which has been declared
21 a federal disaster area;

22 3. The property shall be the primary residence of the owner
23 both prior to and after the natural disaster;
24

1 4. The owner shall have been granted a homestead exemption or
2 be eligible to claim a homestead exemption both prior to and after
3 the natural disaster;

4 5. The primary residence shall be repaired or rebuilt on the
5 same property as it existed prior to the natural disaster; and

6 6. The primary residence shall be repaired or rebuilt and used
7 as the primary residence no later than December 31, 2015, with
8 respect to the calendar year 2012 or 2013 natural disaster and no
9 later than thirty-six (36) months after the date of any natural
10 disaster occurring on or after January 1, 2014.

11 D. The credit shall not be allowed if the property is
12 transferred or title is changed or conveyed as defined in Section
13 2802.1 of this title. Any credit claimed and allowed prior to the
14 transfer of the property or the change or conveyance of title shall
15 not be affected.

16 E. The Oklahoma Tax Commission shall promulgate any necessary
17 rules and develop any necessary forms to implement the provisions of
18 this section.

19 F. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2016, for
22 which the credit would otherwise be allowable. The provisions of
23 this subsection shall cease to be operative on July 1, 2018.

24 Beginning July 1, 2018, the credit authorized by this section may be

1 claimed for any event, transaction, investment, expenditure or other
2 act occurring on or after July 1, 2018, according to the provisions
3 of this section.

4 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
5 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
6 Section 2357.32A), is amended to read as follows:

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

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

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

24 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 amount of the credit for the electricity generated on or after January 1, 2003, but prior to January 1, 2004, 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, 2021, the amount of the credit for the electricity generated on or after January 1, 2007, 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

1 date that the facility is placed in operation on or after June 4,
2 2001.

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

9 2. For credits generated, but not used, on or after January 1,
10 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
11 election, directly to the taxpayer eighty-five percent (85%) of the
12 face amount of such credits. The direct refund of the credits
13 pursuant to this paragraph shall be available to all taxpayers,
14 including, without limitation, pass-through entities and taxpayers
15 subject to Section 2355 of this title, but shall not be available to
16 any entities falling within the provisions of subsection E of this
17 section. The amount of any direct refund of credits actually
18 received at the eighty-five percent (85%) level by the taxpayer
19 pursuant to this paragraph shall not be subject to the tax imposed
20 by Section 2355 of this title. If the pass-through entity does not
21 file a claim for a direct refund, the pass-through entity shall
22 allocate the credit to one or more of the shareholders, partners or
23 members of the pass-through entity; provided, the total of all
24 credits refunded or allocated shall not exceed the amount of the

1 credit or refund to which the pass-through entity is entitled. For
2 the purposes of this paragraph, "pass-through entity" means a
3 corporation that for the applicable tax year is treated as an S
4 corporation under the Internal Revenue Code of 1986, as amended,
5 general partnership, limited partnership, limited liability
6 partnership, trust or limited liability company that for the
7 applicable tax year is not taxed as a corporation for federal income
8 tax purposes.

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

22 F. For credits generated prior to January 1, 2014, the amount
23 of the credit allowed, but not used, shall be freely transferable at
24 any time during the ten (10) years following the year of

1 qualification. Any person to whom or to which a tax credit is
2 transferred shall have only such rights to claim and use the credit
3 under the terms that would have applied to the entity by whom or by
4 which the tax credit was transferred. The provisions of this
5 subsection shall not limit the ability of a tax credit transferee to
6 reduce the tax liability of the transferee, regardless of the actual
7 tax liability of the tax credit transferor, for the relevant taxable
8 period. The transferor initially allowed the credit and any
9 subsequent transferees shall jointly file a copy of any written
10 transfer agreement with the Oklahoma Tax Commission within thirty
11 (30) days of the transfer. The written agreement shall contain the
12 name, address and taxpayer identification number or social security
13 number of the parties to the transfer, the amount of the credit
14 being transferred, the year the credit was originally allowed to the
15 transferor, and the tax year or years for which the credit may be
16 claimed. The Tax Commission may promulgate rules to permit
17 verification of the validity and timeliness of the tax credit
18 claimed upon a tax return pursuant to this subsection but shall not
19 promulgate any rules that unduly restrict or hinder the transfers of
20 such tax credit. The tax credit allowed by this section, upon the
21 election of the taxpayer, may be claimed as a payment of tax, a
22 prepayment of tax or a payment of estimated tax for purposes of
23 Section 1803 or Section 2355 of this title.
24

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

7 H. No credit otherwise authorized by the provisions of this
8 section may be claimed for any event, transaction, investment,
9 expenditure or other act occurring on or after July 1, 2010, for
10 which the credit would otherwise be allowable until the provisions
11 of this subsection shall cease to be operative on July 1, 2011.
12 Beginning July 1, 2011, the credit authorized by this section may be
13 claimed for any event, transaction, investment, expenditure or other
14 act occurring on or after July 1, 2010, according to the provisions
15 of this section. Any tax credits which accrue during the period of
16 July 1, 2010, through June 30, 2011, may not be claimed for any
17 period prior to the taxable year beginning January 1, 2012. No
18 credits which accrue during the period of July 1, 2010, through June
19 30, 2011, may be used to file an amended tax return for any taxable
20 year prior to the taxable year beginning January 1, 2012.

21 I. No credit otherwise authorized by the provisions of this
22 section may be claimed for any event, transaction, investment,
23 expenditure or other act occurring on or after July 1, 2016, for
24 which the credit would otherwise be allowable. The provisions of

1 this subsection shall cease to be operative on July 1, 2018.

2 Beginning July 1, 2018, the credit authorized by this section may be
3 claimed for any event, transaction, investment, expenditure or other
4 act occurring on or after July 1, 2018, according to the provisions
5 of this section.

6 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.41, is
7 amended to read as follows:

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

20 B. The amount of the credit shall be one hundred percent (100%)
21 of the federal rehabilitation credit provided for in Section 47 of
22 Title 26 of the United States Code. The credit authorized by this
23 section may be claimed at any time after the relevant local
24 governmental body responsible for doing so issues a certificate of

1 occupancy or other document that is a precondition for the
2 applicable use of the building or structure that is the basis upon
3 which the credit authorized by this section is claimed.

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

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

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

20 F. The amount of the credit allowed for any credit claimed for
21 a certified historic hotel or historic newspaper plant building or
22 any certified historic structure, but not used, shall be freely
23 transferable, in whole or in part, to subsequent transferees at any
24 time during the five (5) years following the year of qualification.

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

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

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

13 H. As used in this section:

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

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

1 certified by the State Historic Preservation Office as eligible for
2 listing in the National Register of Historic Places; and

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

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

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

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, 2016, for which the credit would otherwise be allowable unless:

1. a. a written contract for acquisition of the historic building or structure that will be redeveloped to generate the credit authorized by this section was fully executed prior to July 1, 2016,

b. the credit authorized by this section is a component of the capital structure for rehabilitation of a historic building or structure under the terms of a financing arrangement consummated prior to July 1, 2016, or

c. the rehabilitation work that will generate the credit authorized by this section was commenced prior to July 1, 2016; and

2. The party rehabilitating the historic building or structure files documentation with the Oklahoma Tax Commission confirming the applicability of one or more of the exceptions listed in subparagraphs a, b and c of paragraph 1 of this subsection.

The Tax Commission shall develop a standard form for use by claimants to demonstrate eligibility to claim, prior to July 1,

1 2018, tax credits that accrue during the period of July 1, 2016,
2 through June 30, 2018.

3 The provisions of this subsection shall cease to be operative on
4 July 1, 2018. Beginning July 1, 2018, the credit authorized by this
5 section may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, 2018,
7 according to the provisions of this section.

8 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.43, is
9 amended to read as follows:

10 Section 2357.43. ~~For~~ A. Except as provided in subsection B of
11 this section, for tax years beginning after December 31, 2001, there
12 shall be allowed to a resident individual or a part-year resident
13 individual as a credit against the tax imposed by Section 2355 of
14 this title five percent (5%) of the earned income tax credit allowed
15 under Section 32 of the Internal Revenue Code of the United States,
16 26 U.S.C., Section 32. However, this credit shall not be paid in
17 advance pursuant to the provisions of Section 3507 of the Internal
18 Revenue Code. If the credit exceeds the tax imposed by Section 2355
19 of this title, the excess amount shall be refunded to the taxpayer.
20 The maximum earned income tax credit allowable on the Oklahoma
21 income tax return shall be prorated on the ratio that Oklahoma
22 adjusted gross income bears to the federal adjusted gross income.

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

1 expenditure or other act occurring on or after July 1, 2016, for
2 which the credit would otherwise be allowable. The provisions of
3 this subsection shall cease to be operative on July 1, 2018.

4 Beginning July 1, 2018, the credit authorized by this section may be
5 claimed for any event, transaction, investment, expenditure or other
6 act occurring on or after July 1, 2018, according to the provisions
7 of this section.

8 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.45, is
9 amended to read as follows:

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

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

18 a. for calendar year 2007 and all subsequent years, the
19 credit percentage, not to exceed fifty percent (50%),
20 shall be adjusted annually so that the total estimate
21 of the credits does not exceed Two Million Dollars
22 (\$2,000,000.00) annually. The formula to be used for
23 the percentage adjusted shall be fifty percent (50%)
24 times One Million Dollars (\$1,000,000.00) divided by

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

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

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

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

23 e. in the event the total tax credits authorized by this
24 section exceed One Million Dollars (\$1,000,000.00) in

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

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

- 21 a. have a board of directors,
- 22 b. be able to accept grants in its own name,
- 23 c. be an identifiable institute that has its own
24 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.

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

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

7 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.46, is
8 amended to read as follows:

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

17 1. For any eligible energy efficient residential property
18 constructed and certified as forty percent (40%) or more above the
19 International Energy Conservation Code 2003 and any supplement in
20 effect at the time of completion, the amount of the credit shall be
21 equal to the eligible expenses, not to exceed Four Thousand Dollars
22 (\$4,000.00) for the taxpayer who is the contractor; and

23 2. For any eligible energy efficient residential property
24 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

1 which is located in the State of Oklahoma and substantially complete
2 after December 31, 2005, and which is two thousand (2,000) square
3 feet or less:

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

8 (1) a level of annual heating and cooling energy
9 consumption which is at least forty percent (40%)
10 below the annual level of heating and cooling
11 energy consumption of a comparable residential
12 property constructed in accordance with the
13 standards of Chapter 4 of the 2003 International
14 Energy Conservation Code, as such code is in
15 effect on ~~the effective date of this act~~ November
16 1, 2005,

17 (2) heating and cooling equipment efficiencies which
18 correspond to the minimum allowed under the
19 regulations established by the Department of
20 Energy pursuant to the National Appliance Energy
21 Conservation Act of 1987 and in effect at the
22 time of construction of the property, and
23 (3) building envelope component improvements which
24 account for at least one-fifth of the reduced

1 annual heating and cooling energy consumption
2 levels,

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

7 (1) a level of annual heating and cooling energy
8 consumption which is between twenty percent (20%)
9 and thirty-nine percent (39%) below the annual
10 level of heating and cooling energy consumption
11 of a comparable residential property constructed
12 in accordance with the standards of Chapter 4 of
13 the 2003 International Energy Conservation Code,
14 as such code is in effect on ~~the effective date~~
15 ~~of this act~~ November 1, 2005,

16 (2) heating and cooling equipment efficiencies which
17 correspond to the minimum allowed under the
18 regulations established by the Department of
19 Energy pursuant to the National Appliance Energy
20 Conservation Act of 1987 and in effect at the
21 time of construction of the property, and

22 (3) building envelope component improvements which
23 account for at least one-third of the reduced
24

1 annual heating and cooling energy consumption
2 levels.

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

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

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

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

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

1 act occurring on or after July 1, 2012, according to the provisions
2 of this section.

3 H. No credit otherwise authorized by the provisions of this
4 section may be claimed for any event, transaction, investment,
5 expenditure or other act occurring on or after July 1, 2016, for
6 which the credit would otherwise be allowable. The provisions of
7 this subsection shall cease to be operative on July 1, 2018.
8 Beginning July 1, 2018, the credit authorized by this section may be
9 claimed for any event, transaction, investment, expenditure or other
10 act occurring on or after July 1, 2018, according to the provisions
11 of this section.

12 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.47, as
13 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
14 Section 2357.47), is amended to read as follows:

15 Section 2357.47. A. 1. Except as otherwise provided in
16 subsection D of this section, for tax years beginning after December
17 31, 2005, and ending before January 1, 2015, there shall be allowed
18 against the tax imposed by Section 2355 of this title, a credit for
19 eligible wages paid by an employer to an employee. The amount of
20 the credit shall be ten percent (10%) of the amount of the gross
21 wages paid to the employee for a period not to exceed ninety (90)
22 days but in no event shall the credit exceed Five Thousand Dollars
23 (\$5,000.00) for each employee of each taxpayer. In no event shall
24

1 the total credit claimed exceed Twenty-five Thousand Dollars
2 (\$25,000.00) in any one year for any taxpayer.

3 2. Except as otherwise provided by ~~subsection D~~ subsections D
4 and E of this section, for tax years beginning after December 31,
5 2005, and ending before January 1, 2017, there shall be allowed
6 against the tax imposed by Section 2355 of this title, a credit for
7 eligible modification expenses of an employer. The amount of the
8 credit shall be fifty percent (50%) of the amount of the funds
9 expended for eligible modification expenses or new tools or
10 equipment but in no event shall the credit exceed One Thousand
11 Dollars (\$1,000.00) for eligible modification expenses incurred for
12 any single employee. In no event shall the total credit claimed
13 exceed Ten Thousand Dollars (\$10,000.00) in any year for any
14 taxpayer.

15 3. As used in this section:

- 16 a. "employee", "employer", "maximum medical improvement",
17 "treating physician", and "wages" shall be defined as
18 in Title 85 A of the Oklahoma Statutes,
19 b. "eligible wages" means gross wages paid by an employer
20 to an employee who is injured as a result of an injury
21 which is compensable under Title 85 A of the Oklahoma
22 Statutes and which are paid beginning when the
23 employee returns to work with restricted duties as
24 provided by the employee's treating physician or an

1 independent medical examiner before the employee has
2 reached maximum medical improvement, and ending after
3 ninety (90) days or when the employee has reached
4 maximum medical improvement, and

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

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

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

22 D. No credit otherwise authorized by the provisions of this
23 section may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010, for

1 which the credit would otherwise be allowable. The provisions of
2 this subsection shall cease to be operative on July 1, 2012.

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

7 E. No credit otherwise authorized by the provisions of this
8 section may be claimed for any event, transaction, investment,
9 expenditure or other act occurring on or after July 1, 2016, for
10 which the credit would otherwise be allowable. The provisions of
11 this subsection shall cease to be operative on July 1, 2018.

12 Beginning July 1, 2018, the credit authorized by this section may be
13 claimed for any event, transaction, investment, expenditure or other
14 act occurring on or after July 1, 2018, according to the provisions
15 of this section.

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

18 Section 2357.104. A. Except as otherwise provided by
19 ~~subsection G~~ subsections G and H of this section, for taxable years
20 beginning after December 31, 2005, there shall be allowed a credit
21 against the tax imposed by Section 2355 of this title equal to fifty
22 percent (50%) of an eligible taxpayer's qualified railroad
23 reconstruction or replacement expenditures.
24

1 B. 1. Except as provided in paragraph 2 of this subsection,
2 the amount of the credit shall be limited to the product of Five
3 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
4 (\$2,000.00) for tax year 2008 and subsequent tax years and the
5 number of miles of railroad track owned or leased within this state
6 by the eligible taxpayer as of the close of the taxable year.

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

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

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

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

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

24 F. As used in this section:

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

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

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

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

16 G. No credit otherwise authorized by the provisions of this
17 section may be claimed for any event, transaction, investment,
18 expenditure or other act occurring on or after July 1, 2010, for
19 which the credit would otherwise be allowable. The provisions of
20 this subsection shall cease to be operative on July 1, 2012.
21 Beginning July 1, 2012, the credit authorized by this section may be
22 claimed for any event, transaction, investment, expenditure or other
23 act occurring on or after July 1, 2012, according to the provisions
24 of this section.

1 H. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2016, for
4 which the credit would otherwise be allowable. The provisions of
5 this subsection shall cease to be operative on July 1, 2018.
6 Beginning July 1, 2018, the credit authorized by this section may be
7 claimed for any event, transaction, investment, expenditure or other
8 act occurring on or after July 1, 2018, according to the provisions
9 of this section.

10 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.206,
11 as last amended by Section 1, Chapter 361, O.S.L. 2015 (68 O.S.
12 Supp. 2015, Section 2357.206), is amended to read as follows:

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

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

1 S corporations and limited liability companies; provided, if total
2 credits claimed pursuant to this paragraph exceed the caps
3 established pursuant to paragraph 1 of subsection D of this section,
4 the credit shall be equal to the taxpayer's proportionate share of
5 the cap for the taxable year, as determined pursuant to subsection H
6 of this section.

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

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

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

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

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

1 subchapter S corporations and limited liability companies; provided,
2 if total credits claimed pursuant to this paragraph exceed the cap
3 established pursuant to paragraph 2 of subsection D of this section,
4 the credit shall be equal to the taxpayer's proportionate share of
5 the cap for the taxable year, as determined pursuant to subsection H
6 of this section.

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

22 3. The credits authorized pursuant to the provisions of this
23 subsection shall be allocable to the partners, shareholders, members
24 or other equity owners of a taxpayer that is authorized to be

1 treated as a partnership for purposes of federal income tax
2 reporting for the taxable year for which the tax credits authorized
3 by this subsection are claimed on the applicable return, together
4 with required schedules, forms or reports of the partners,
5 shareholders, members or other equity owners of the taxpayer. Tax
6 credits which are allocated to such equity owners shall only be
7 limited in amount for the income tax return of a natural person or
8 persons based upon the limitation of the total credit amount to the
9 entity from which the tax credits have been allocated and shall not
10 be limited to One Thousand Dollars (\$1,000.00) for single
11 individuals or limited to Two Thousand Dollars (\$2,000.00) for
12 married persons filing a joint return.

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

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

19 3. The cap on total credits provided for in this subsection
20 shall be allocated by the Tax Commission as provided in subsection H
21 of this section.

22 E. For credits claimed for eligible contributions made during
23 tax year 2014 and thereafter, a credit shall not be allowed by the
24 Oklahoma Tax Commission for contributions made to a scholarship-

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

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

18 G. As used in this section:

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

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

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

20 3. "Educational scholarships" means:

21 a. scholarships to an eligible student of up to Five
22 Thousand Dollars (\$5,000.00) or eighty percent (80%)
23 of the statewide annual average per-pupil expenditure
24 as determined by the National Center for Education

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

1 association approved by the Board pursuant to Section
2 3-104 of Title 70 of the Oklahoma Statutes;

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

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

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

21 6. "Qualified school for eligible special needs students" means
22 an early childhood, elementary or secondary private school in a
23 county in this state, including schools which provide special
24

1 educational programs for three-year-olds or prekindergarten
2 educational programs for four-year-olds;

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

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

1 school for special needs students that accepts the
2 eligible special needs student,

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

5 g. has policies in place to:

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

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

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

21 9. "Public school" means public schools as defined in Section
22 1-106 of Title 70 of the Oklahoma Statutes;

23 10. "Eligible school" means any public school that is not
24 located within a ten-mile radius of a qualified school in this

1 state, or any public school that is located within a ten-mile radius
2 of a qualified school in this state but offers grade-level
3 instruction different from the qualified school or any public school
4 located within a public school district with fewer than four
5 thousand five hundred (4,500) students;

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

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

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

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

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

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

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

1 2. a. If the Tax Commission determines the total combined
2 credits claimed for contributions made to scholarship-
3 granting organizations during the most recently
4 completed calendar year by all taxpayers are in excess
5 of the statewide caps provided in paragraph 1 of
6 subsection D of this section, the Tax Commission shall
7 determine the percentage of the contribution which
8 establishes the proportionate share of the credit
9 which may be claimed by any taxpayer so that the
10 maximum credits authorized by this section are not
11 exceeded.

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

23 3. The Tax Commission shall publish the percentage of the
24 contribution which may be claimed as a credit by contributors for

1 the most recently completed calendar year on the Tax Commission
2 website no later than February 15 of each calendar year for
3 contributions made the previous year. Each scholarship-granting
4 organization or educational improvement grant organization shall
5 notify contributors of that amount annually.

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

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

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

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

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

21 2. The Tax Commission shall review and approve or disapprove
22 the application, in consultation with the State Department of
23 Education.
24

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

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

23 4. The information required under paragraph 3 of this
24 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 or for the revocation of the registration of an organization, if applicable, and for notice as required in subsection H of this section.

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 July 1, 2016, for which the credit would otherwise be allowable. The provisions of this subsection shall cease to be operative on July 1, 2018. Beginning July 1, 2018, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2018, according to the provisions of this section.

1 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.302,
2 as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
3 2015, Section 2357.302), is amended to read as follows:

4 Section 2357.302. A. Except as provided in ~~subsection F~~
5 subsections F and G of this section, for taxable years beginning
6 after December 31, 2008, and ending before January 1, 2018, a
7 qualified employer shall be allowed a credit against the tax imposed
8 pursuant to Section 2355 of this title for tuition reimbursed to a
9 qualified employee.

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

14 C. The credit authorized by subsection A of this section shall
15 be in the amount of fifty percent (50%) of the tuition reimbursed to
16 a qualified employee for the first through fourth years of
17 employment. In no event shall this credit exceed fifty percent
18 (50%) of the average annual amount paid by a qualified employee for
19 enrollment and instruction in a qualified program at a public
20 institution in Oklahoma.

21 D. The credit authorized by subsection A of this section shall
22 not be used to reduce the tax liability of the qualified employer to
23 less than zero (0).
24

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

3 F. No credit otherwise authorized by the provisions of this
4 section may be claimed for any event, transaction, investment,
5 expenditure or other act occurring on or after July 1, 2010, for
6 which the credit would otherwise be allowable. The provisions of
7 this subsection shall cease to be operative on July 1, 2011.
8 Beginning July 1, 2011, the credit authorized by this section may be
9 claimed for any event, transaction, investment, expenditure or other
10 act occurring on or after July 1, 2011, according to the provisions
11 of this section.

12 G. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2016, for
15 which the credit would otherwise be allowable. The provisions of
16 this subsection shall cease to be operative on July 1, 2018.

17 SECTION 17. AMENDATORY 68 O.S. 2011, Section 2357.303,
18 as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
19 2015, Section 2357.303), is amended to read as follows:

20 Section 2357.303. A. Except as provided in ~~subsection F~~
21 subsections F and G of this section, for taxable years beginning
22 after December 31, 2008, and ending before January 1, 2018, a
23 qualified employer shall be allowed a credit against the tax imposed
24

1 pursuant to Section 2355 of this title for compensation paid to a
2 qualified employee.

3 B. The credit authorized by subsection A of this section shall
4 be in the amount of:

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

9 2. Five percent (5%) of the compensation paid for the first
10 through fifth years of employment in the aerospace sector if the
11 qualified employee graduated from an institution located outside
12 this state.

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

16 D. The credit authorized by this section shall not be used to
17 reduce the tax liability of the qualified employer to less than zero
18 (0).

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

21 F. No credit otherwise authorized by the provisions of this
22 section may be claimed for any event, transaction, investment,
23 expenditure or other act occurring on or after July 1, 2010, for
24 which the credit would otherwise be allowable. The provisions of

1 this subsection shall cease to be operative on July 1, 2011.

2 Beginning July 1, 2011, the credit authorized by this section may be
3 claimed for any event, transaction, investment, expenditure or other
4 act occurring on or after July 1, 2011, according to the provisions
5 of this section.

6 G. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2016, for
9 which the credit would otherwise be allowable. The provisions of
10 this subsection shall cease to be operative on July 1, 2018.

11 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2357.304,
12 as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
13 2015, Section 2357.304), is amended to read as follows:

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

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

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

1 D. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2010, for
4 which the credit would otherwise be allowable. The provisions of
5 this subsection shall cease to be operative on July 1, 2011.
6 Beginning July 1, 2011, the credit authorized by this section may be
7 claimed for any event, transaction, investment, expenditure or other
8 act occurring on or after July 1, 2011, according to the provisions
9 of this section.

10 E. No credit otherwise authorized by the provisions of this
11 section may be claimed for any event, transaction, investment,
12 expenditure or other act occurring on or after July 1, 2016, for
13 which the credit would otherwise be allowable. The provisions of
14 this subsection shall cease to be operative on July 1, 2018.

15 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2357.401,
16 as amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp.
17 2015, Section 2357.401), is amended to read as follows:

18 Section 2357.401. A. Except as otherwise provided by
19 subsections B ~~and~~, C and F of this section, for taxable years
20 beginning January 1, 2009, and ending before January 1, 2017, there
21 shall be allowed a credit against the tax imposed pursuant to
22 Section 2355 of this title in the amount of all electronic funds
23 transfers fees paid by an individual or entity pursuant to Section
24 2-503.1j of Title 63 of the Oklahoma Statutes.

1 B. For any fees paid by a person or entity for the taxable year
2 beginning January 1, 2009, the credit otherwise authorized by this
3 section shall not be claimed for an individual prior to January 1,
4 2011. Subject to the requirements of this subsection, an individual
5 taxpayer shall be able to claim the credit authorized by this
6 section for all fees paid during the tax year ending December 31,
7 2009, and the tax year ending December 31, 2010, on the income tax
8 return filed for the tax year ending December 31, 2010.

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

18 D. The credit authorized by this section shall not be used to
19 reduce the income tax liability of the taxpayer to less than zero
20 (0).

21 E. To the extent not used in any taxable year, the credit
22 authorized by this section may be carried over, in order, to each of
23 the five (5) succeeding taxable years.
24

1 F. No credit otherwise authorized by the provisions of this
2 section may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2016, for
4 which the credit would otherwise be allowable. The provisions of
5 this subsection shall cease to be operative on July 1, 2018.
6 Beginning July 1, 2018, the credit authorized by this section may be
7 claimed for any event, transaction, investment, expenditure or other
8 act occurring on or after July 1, 2018, according to the provisions
9 of this section.

10 SECTION 20. AMENDATORY Section 1, Chapter 421, O.S.L.
11 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as
12 follows:

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

15 B. As used in this section:

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

18 2. "Eligibility statement" means a statement authorized and
19 issued by the Oklahoma Housing Finance Agency certifying that a
20 given project qualifies for the Oklahoma Affordable Housing Tax
21 Credit authorized by this section. The Oklahoma Housing Finance
22 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
23 36, Affordable Housing Tax Credit Program Rules, shall promulgate
24 rules establishing criteria upon which the eligibility statements

1 will be issued. The eligibility statement shall specify the amount
2 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
3 project. The Oklahoma Housing Finance Agency shall only authorize
4 the tax credits created by this section to qualified projects which
5 are placed in service after July 1, 2015, but which shall not be
6 used to reduce tax liability accruing prior to January 1, 2016;

7 3. "Federal low-income housing tax credit" means the federal tax
8 credit as provided in Section 42 of the Internal Revenue Code of
9 1986, as amended;

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

12 5. "Qualified project" means a qualified low-income building as
13 that term is defined in Section 42 of the Internal Revenue Code of
14 1986, as amended, which is located in this state in a county with a
15 population of less than one hundred fifty thousand (150,000)
16 according to the latest Federal Decennial Census; and

17 6. "Taxpayer" means a person, firm or corporation subject to the
18 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
19 this title or an insurance company subject to the tax imposed by
20 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other
21 financial institution subject to the tax imposed by Section 2370 of
22 ~~Title 68 of the Oklahoma Statutes~~ this title.

23 C. For qualified projects placed in service after July 1, 2015,
24 the amount of state tax credits created by this section which are

1 allocated to a project shall be equal to that of the federal low-
2 income housing tax credits for a qualified project. The total
3 Oklahoma Affordable Housing Tax Credits allocated to all qualified
4 projects for an allocation year shall not exceed Four Million Dollars
5 (\$4,000,000.00). For purposes of this section, the "credit period"
6 shall mean the period of ten (10) taxable years and "placed in
7 service" shall have the same meaning as is applicable under the
8 federal credit program.

9 D. A Except as otherwise provided in subsection L of this
10 section, a taxpayer owning an interest in an investment in a
11 qualified project shall be allowed Oklahoma Affordable Housing Tax
12 Credits under this section for tax years beginning on or after
13 January 1, 2016, if the Oklahoma Housing Finance Agency issues an
14 eligibility statement for such project, which tax credit shall be
15 allocated among some or all of the partners, members or shareholders
16 of the taxpayer owning such interest in any manner agreed to by such
17 partners, members or shareholders. Such taxpayer may assign its
18 interest in the investment.

19 E. An insurance company claiming a credit against state premium
20 tax or retaliatory tax or any other tax imposed by Section 624 or 628
21 of Title 36 of the Oklahoma Statutes shall not be required to pay
22 any additional retaliatory tax under Section 628 of Title 36 of the
23 Oklahoma Statutes as a result of claiming the credit. The credit
24

1 may fully offset any retaliatory tax imposed by Section 628 of Title
2 36 of the Oklahoma Statutes.

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

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

7 H. The owner of a qualified project eligible for the credit
8 authorized by this section shall submit, at the time of filing the
9 tax return with the Oklahoma Tax Commission, an eligibility
10 statement from the Oklahoma Housing Finance Agency. In the case of
11 failure to attach the eligibility statement, no credit under this
12 section shall be allowed with respect to such project for that year
13 until required documents are provided to the Tax Commission.

14 I. If under Section 42 of the Internal Revenue Code of 1986, as
15 amended, a portion of any federal low-income housing credits taken on
16 a qualified project is required to be recaptured during the first ten
17 (10) years after a project is placed in service, the taxpayer
18 claiming Oklahoma Affordable Housing Tax Credits with respect to such
19 project shall also be required to recapture a portion of such
20 credits. The amount of Oklahoma Affordable Housing Tax Credits
21 subject to recapture shall be proportionally equal to the amount of
22 federal low-income housing credits subject to recapture.

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

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

9 L. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, 2016, for
12 which the credit would otherwise be allowable. The provisions of
13 this subsection shall cease to be operative on July 1, 2018.
14 Beginning July 1, 2018, the credit authorized by this section may be
15 claimed for any event, transaction, investment, expenditure or other
16 act occurring on or after July 1, 2018, according to the provisions
17 of this section.

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

21 Section 2358.7. A. **For** taxable years beginning after December
22 31, 2004, there shall be allowed as a credit against the tax imposed
23 pursuant to Section 2355 of this title an amount equal to:
24

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

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

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

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

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

21 1. Complete at least six (6) hours of continuing education each
22 year until the volunteer firefighter completes Intermediate or
23 Advanced Firefighter or Firefighter I from an internationally
24 recognized accrediting assembly or board, their equivalent, or other

1 related fire or emergency medical services training approved by the
2 Council on Firefighter Training or its equivalent. For purposes of
3 this paragraph, equivalency shall be determined by the Oklahoma
4 Council on Firefighter Training and Oklahoma State University Fire
5 Service Training;

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

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

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

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

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

9 SECTION 22. AMENDATORY 68 O.S. 2011, Section 2370, as
10 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015,
11 Section 2370), is amended to read as follows:

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

20 B. 1. The privilege tax levied by this section shall be in
21 addition to the Business Activity Tax levied in Section 1218 of this
22 title and the franchise tax levied in Article 12 of this title and
23 in lieu of the tax levied by Section 2355 of this title and in lieu
24 of all taxes levied by the State of Oklahoma, or any subdivision

1 thereof, upon the shares of stock or personal property of any
2 banking association or credit union subject to taxation under this
3 section.

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

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

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

1 deducted in accordance with the optional transitional deduction
2 procedures in Section 2354 of this title.

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

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

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

19 E. 1. Except as otherwise provided in ~~paragraph 2~~ paragraphs 2
20 and 3 of this subsection, before January 1, 2017, there shall be
21 allowed a credit against the tax levied in subsection A of this
22 section in an amount equal to the amount of taxable income received
23 by a participating financial institution as defined in Section 90.2
24 of Title 62 of the Oklahoma Statutes pursuant to a loan made under

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

14 2. No credit otherwise authorized by the provisions of this
15 subsection may be claimed for any event, transaction, investment,
16 expenditure or other act occurring on or after July 1, 2010 for
17 which the credit would otherwise be allowable. The provisions of
18 this paragraph shall cease to be operative on July 1, 2012.
19 Beginning July 1, 2012, the credit authorized by this subsection may
20 be claimed for any event, transaction, investment, expenditure or
21 other act occurring on or after July 1, 2012, according to the
22 provisions of this subsection.

23 3. No credit otherwise authorized by the provisions of
24 paragraph 1 of this subsection may be claimed for any event,

1 transaction, investment, expenditure or other act occurring on or
2 after July 1, 2016, for which the credit would otherwise be
3 allowable. The provisions of this paragraph shall cease to be
4 operative on July 1, 2018.

5 SECTION 23. AMENDATORY 68 O.S. 2011, Section 2906, is
6 amended to read as follows:

7 Section 2906. ~~Any~~ A. Except as otherwise provided in
8 subsection B of this section, any person sixty-five (65) years of
9 age or older or any totally disabled person, who is the head of a
10 household, a resident of and domiciled in this state during the
11 entire preceding calendar year, and whose gross household income for
12 such year does not exceed Twelve Thousand Dollars (\$12,000.00) may
13 file a claim for property tax relief on the amount of property taxes
14 paid on the household occupied by such person during the preceding
15 calendar year. Each head of household shall be allowed to file only
16 one claim per year.

17 B. No credit otherwise authorized by the provisions of this
18 section may be claimed for any event, transaction, investment,
19 expenditure or other act occurring on or after July 1, 2016, for
20 which the credit would otherwise be allowable. The provisions of
21 this subsection shall cease to be operative on July 1, 2018.

22 Beginning July 1, 2018, the credit authorized by this section may be
23 claimed for any event, transaction, investment, expenditure or other
24

1 act occurring on or after July 1, 2018, according to the provisions
2 of this section.

3 SECTION 24. AMENDATORY 68 O.S. 2011, Section 5011, is
4 amended to read as follows:

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

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

17 1. For an individual not subject to the provisions of paragraph
18 2 of this subsection and claiming no allowable personal exemption
19 other than the allowable personal exemption for that individual or
20 the spouse of that individual, Fifteen Thousand Dollars
21 (\$15,000.00); or

22 2. For an individual claiming one or more allowable personal
23 exemptions other than the allowable personal exemption for that
24 individual or the spouse of that individual, an individual with a

1 physical disability constituting a substantial handicap to
2 employment, or an individual who is sixty-five (65) years of age or
3 older at the close of the tax year, Thirty Thousand Dollars
4 (\$30,000.00) .

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

10 1. For an individual not subject to the provisions of paragraph
11 2 of this subsection and claiming no allowable personal exemption
12 other than the allowable personal exemption for that individual or
13 the spouse of that individual, Twenty Thousand Dollars (\$20,000.00);
14 or

15 2. For an individual claiming one or more allowable personal
16 exemptions other than the allowable personal exemption for that
17 individual or the spouse of that individual, an individual with a
18 physical disability constituting a substantial handicap to
19 employment, or an individual who is sixty-five (65) years of age or
20 older at the close of the tax year, Fifty Thousand Dollars
21 (\$50,000.00) .

22 D. The amount of the claim filed pursuant to the Sales Tax
23 Relief Act shall be Forty Dollars (\$40.00) multiplied by the number
24 of allowable personal exemptions. As used in the Sales Tax Relief

1 Act, "allowable personal exemption" means a personal exemption to
2 which the taxpayer would be entitled pursuant to the provisions of
3 the Oklahoma Income Tax Act, except for:

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

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

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

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

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

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

9 H. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, 2016, for
12 which the credit would otherwise be allowable. The provisions of
13 this subsection shall cease to be operative on July 1, 2018.
14 Beginning July 1, 2018, the credit authorized by this section may be
15 claimed for any event, transaction, investment, expenditure or other
16 act occurring on or after July 1, 2018, according to the provisions
17 of this section.

18 ~~SECTION 25. This act shall become effective July 1, 2016.~~

19 ~~SECTION 26. It being immediately necessary for the preservation~~
20 ~~of the public peace, health and safety, an emergency is hereby~~
21 ~~declared to exist, by reason whereof this act shall take effect and~~
22 ~~be in full force from and after its passage and approval.~~

23 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
24 February 9, 2016 - DO PASS AS AMENDED