

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 977

By: Mazzei

AS INTRODUCED

An Act relating to a moratorium on tax credits; providing short title; amending 68 O.S. 2011, Sections 2357, as last amended by Section 1, Chapter 147, O.S.L. 2015, 2357.4, as amended by Section 1, Chapter 336, O.S.L. 2015, 2357.11, as amended by Section 1, Chapter 371, O.S.L. 2013, 2357.22, as last amended by Section 12, Chapter 328, O.S.L. 2014, 2357.27, as amended by Section 1, Chapter 33, O.S.L. 2014, Section 5, Chapter 370, O.S.L. 2013, as last amended by Section 5, Chapter 329, O.S.L. 2014, 2357.32A, as amended by Section 2, Chapter 371, O.S.L. 2013, 2357.41, 2357.43, 2357.45, 2357.46, 2357.47, as amended by Section 1, Chapter 292, O.S.L. 2014, 2357.104, 2357.206, as last amended by Section 1, Chapter 361, O.S.L. 2015, 2357.302, as amended by Section 2, Chapter 30, O.S.L. 2014, 2357.303, as amended by Section 3, Chapter 30, O.S.L. 2014, 2357.304, as amended by Section 4, Chapter 30, O.S.L. 2014, 2357.401, as amended by Section 1, Chapter 34, O.S.L. 2014, Section 1, Chapter 421, O.S.L. 2014, 2358.7, as amended by Section 2, Chapter 161, O.S.L. 2012, 2370, as amended by Section 1, Chapter 41, O.S.L. 2014, 2906 and 5011(68 O.S Supp. 2015, Sections 2357, 2357.4, 2357.11, 2357.22, 2357.27, 2357.29A, 2357.32A, 2357.47, 2327.104, 2357.206, 2357.302, 2357.303, 2357.304, 2357.401, 2357.403, 2358.7, 2370, 2906 and 5011), which relate to tax credits for certain events, transactions, investments, expenditures or other acts; establishing a moratorium on the ability to claim tax credits during certain time period for any event, transaction, investment, expenditure or other act relating to federal child or child care credits, investment in depreciable property or new employment relating to manufacturing, purchase of Oklahoma-mined

1 coal, investment in clean-burning motor vehicle fuel
2 property, expenses by child care service providers,
3 ad valorem property tax for improvements after
4 certain natural disasters, production and sale of
5 electricity generated by zero-emission facilities,
6 rehabilitation of certain historic hotel or newspaper
7 buildings, federal earned income tax credit,
8 donations for independent biomedical research or
9 cancer research institutes, energy efficient
10 residential property construction, employer expenses
11 relating to injured employees, railroad
12 reconstruction or replacement expenditures, donations
13 to eligible scholarship-granting or educational
improvement grant organizations, qualified employee
tuition reimbursement, compensation paid to qualified
employees by employers, credits for qualified
employees, fees paid for certain electronic fund
transfers, investment in qualified affordable housing
projects, expenses related to volunteer firefighter
certification; income from loans made by financial
institutions pursuant to Rural Economic Development
Loan Act, credits for property tax relief and credits
for sales tax relief; providing for noncodification;
providing an effective date; and declaring an
emergency.

14
15
16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

19 This act shall be known and may be cited as the Fiscal
20 Responsibility Moratorium Act. Unless earlier repealed or revoked
21 by the Legislature, the moratorium shall be in effect for the time
22 period from July 1, 2016, through June 30, 2018.
23
24

1 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357, as
2 last amended by Section 1, Chapter 147, O.S.L. 2015 (68 O.S. Supp.
3 2015, Section 2357), is amended to read as follows:

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

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

19 2. ~~For~~

20 a. Except as otherwise provided in subparagraph b of this
21 paragraph, for tax years beginning after December 31,
22 2007, there shall be allowed to a resident individual
23 or part-year resident individual or nonresident
24 individual member of the Armed Forces as a credit

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

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

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

4 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.4, as
5 amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,
6 Section 2357.4), is amended to read as follows:

7 Section 2357.4 A. Except as otherwise provided in subsection F
8 of Section 3658 of this title and in subsections J ~~and~~, K and L of
9 this section, for taxable years beginning after December 31, 1987,
10 there shall be allowed a credit against the tax imposed by Section
11 2355 of this title for:

12 1. Investment in qualified depreciable property placed in
13 service during those years for use in a manufacturing operation, as
14 defined in Section 1352 of this title, which has received a
15 manufacturer exemption permit pursuant to the provisions of Section
16 1359.2 of this title or a qualified aircraft maintenance or
17 manufacturing facility as defined in Section 1357 of this title in
18 this state or a qualified web search portal as defined in Section
19 1357 of this title; or

20 2. A net increase in the number of full-time-equivalent
21 employees in a manufacturing operation, as defined in Section 1352
22 of this title, which has received a manufacturer exemption permit
23 pursuant to the provisions of Section 1359.2 of this title or a
24 qualified aircraft maintenance or manufacturing facility defined in

1 Section 1357 of this title in this state or in a qualified web
2 search portal as defined in Section 1357 of this title including
3 employees engaged in support services.

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

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

16 2. A net increase in the number of full-time-equivalent
17 employees in this state engaged in the manufacture of any goods
18 identified by any Industry Number contained in Division D of Part I
19 of the Standard Industrial Classification (SIC) Manual, latest
20 revision, if the total cost of qualified depreciable property placed
21 in service by the business entity within the state equals or exceeds
22 Forty Million Dollars (\$40,000,000.00) within three (3) years from
23 the date of initial qualifying expenditure.
24

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

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

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

1 credit may be allowed if based upon investment in qualified
2 depreciable property shall be measured from the year in which the
3 qualified property is placed in service. If the credit provided for
4 in subsection A or B of this section is calculated on the basis of
5 the cost of the qualified property, the credit shall be allowed in
6 each of the four (4) subsequent years. If the qualified property on
7 which a credit has previously been allowed is acquired from a
8 related party, the date such property is placed in service by the
9 transferor shall be considered to be the date such property is
10 placed in service by the transferee, for purposes of determining the
11 aggregate number of years for which credit may be allowed.

12 F. The credit provided for in subsection A or B of this
13 section, if based upon an increase in the number of full-time-
14 equivalent employees, shall be allowed in each of the four (4)
15 subsequent years only if the level of new employees is maintained in
16 the subsequent year. In calculating the credit by the number of new
17 employees, only those employees whose paid wages or salary were at
18 least Seven Thousand Dollars (\$7,000.00) during each year the credit
19 is claimed shall be included in the calculation. Provided, that the
20 first year a credit is claimed for a new employee, such employee may
21 be included in the calculation notwithstanding paid wages of less
22 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
23 the last three quarters of the tax year, has wages or salary which
24 will result in annual paid wages in excess of Seven Thousand Dollars

1 (\$7,000.00) and the taxpayer submits an affidavit stating that the
2 employee's position will be retained in the following tax year and
3 will result in the payment of wages in excess of Seven Thousand
4 Dollars (\$7,000.00). The number of new employees shall be
5 determined by comparing the monthly average number of full-time
6 employees subject to Oklahoma income tax withholding for the final
7 quarter of the taxable year with the corresponding period of the
8 prior taxable year, as substantiated by such reports as may be
9 required by the Tax Commission.

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

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

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

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

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

23 2. One Thousand Dollars (\$1,000.00) for each new employee.
24

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

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

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

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

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

20 To the extent not used in paragraphs 1 and 2 of this subsection,
21 such credits from qualified depreciable property placed in service
22 on or after January 1, 2000, may be utilized in any subsequent tax
23 years after the initial twenty-year period.
24

1 J. 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 until the provisions
5 of this subsection shall cease to be operative on July 1, 2012.
6 Beginning July 1, 2012, the credit authorized by this section may be
7 claimed for any event, transaction, investment, expenditure or other
8 act occurring on or after July 1, 2010, according to the provisions
9 of this section; provided, credits accrued during the period from
10 July 1, 2010, through June 30, 2012, shall be limited to a period of
11 two (2) taxable years. The credit shall be limited in each taxable
12 year to fifty percent (50%) of the total amount of the accrued
13 credit. Any tax credits which accrue during the period of July 1,
14 2010, through June 30, 2012, may not be claimed for any period prior
15 to the taxable year beginning January 1, 2012. No credits which
16 accrue during the period of July 1, 2010, through June 30, 2012, may
17 be used to file an amended tax return for any taxable year prior to
18 the taxable year beginning January 1, 2012.

19 K. Beginning January 1, 2017, except with respect to tax
20 credits allowed from investment or job creation occurring prior to
21 January 1, 2017, the credits authorized by this section shall not be
22 allowed for investment or job creation in electric power generation
23 by means of wind as described by the North American Industry
24 Classification System, No. 221119.

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

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

17 B. 1. Except as provided in ~~subsection M~~ subsections M and N
18 of this section, for tax years beginning on or after January 1,
19 1993, and ending on or before December 31, 2021, there shall be
20 allowed 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 furnishing water, heat,
23 light or power to the state or its citizens, or for every person in
24

1 this state burning coal to generate heat, light or power for use in
2 manufacturing operations located in this state.

3 2. For tax years beginning on or after January 1, 1993, and
4 ending on or before December 31, 2005, and for the period of January
5 1, 2006, through June 30, 2006, the credit shall be in the amount of
6 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
7 purchased by such person.

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

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

23 C. For tax years beginning on or after January 1, 1995, and
24 ending on or before December 31, 2005, and for the period beginning

1 January 1, 2006, through June 30, 2006, there shall be allowed, in
2 addition to the credits allowed pursuant to subsection B of this
3 section, a credit against the tax imposed by Section 1803 or Section
4 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
5 Statutes for every person in this state which:

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

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

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

14 D. Except as otherwise provided in subsection E of this section
15 and in ~~subsection M~~ subsections M and N of this section, for tax
16 years beginning on or after January 1, 2001, and ending on or before
17 December 31, 2021, there shall be allowed a credit against the tax
18 imposed by Section 1803 or Section 2355 of this title or Section 624
19 or 628 of Title 36 of the Oklahoma Statutes for every person in this
20 state primarily engaged in mining, producing or extracting coal, and
21 holding a valid permit issued by the Oklahoma Department of Mines.
22 For tax years beginning on or after January 1, 2001, and ending on
23 or before December 31, 2005, and for the period beginning January 1,
24 2006, through June 30, 2006, the credit shall be in the amount of

1 ninety-five cents (\$0.95) per ton and for the period of July 1,
2 2006, through December 31, 2006, and for tax years beginning on or
3 after January 1, 2007, the credit shall be in the amount of Five
4 Dollars (\$5.00) for each ton of coal mined, produced or extracted in
5 on, under or through a permit in this state by such person.

6 E. In addition to the credit allowed pursuant to the provisions
7 of subsection D of this section and except as otherwise provided in
8 subsection F of this section, for tax years beginning on or after
9 January 1, 2001, and ending on or before December 31, 2005, and for
10 the period of January 1, 2006, through June 30, 2006, there shall be
11 allowed a credit against the tax imposed by Section 1803 or Section
12 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
13 Statutes for every person in this state primarily engaged in mining,
14 producing or extracting coal, and holding a valid permit issued by
15 the Oklahoma Department of Mines in the amount of ninety-five cents
16 (\$0.95) per ton for each ton of coal mined, produced or extracted
17 from thin seams in this state by such person; provided, the credit
18 shall not apply to such coal sold to any consumer who purchases at
19 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
20 coal per year.

21 F. In addition to the credit allowed pursuant to the provisions
22 of subsection D of this section and except as otherwise provided in
23 subsection G of this section, for tax years beginning on or after
24 January 1, 2005, and ending on or before December 31, 2005, and for

1 the period of January 1, 2006, through June 30, 2006, there shall be
2 allowed a credit against the tax imposed by Section 1803 or Section
3 2355 of this title or that portion of the tax imposed by Section 624
4 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
5 to and placed into the General Revenue Fund, in the amount of
6 ninety-five cents (\$0.95) per ton for each ton of coal mined,
7 produced or extracted from thin seams in this state by such person
8 on or after July 1, 2005.

9 G. The credits provided in subsections D and E of this section
10 shall not be allowed for coal mined, produced or extracted in any
11 month in which the average price of coal is Sixty-eight Dollars
12 (\$68.00) or more per ton, excluding freight charges, as determined
13 by the Tax Commission.

14 H. The additional credits allowed pursuant to subsections B, C,
15 D and E of this section but not used shall be freely transferable
16 after January 1, 2002, but not later than December 31, 2013, by
17 written agreement to subsequent transferees at any time during the
18 five (5) years following the year of qualification; provided, the
19 additional credits allowed pursuant to the provisions of paragraph 4
20 of subsection B of this section but not used shall be freely
21 transferable after January 1, 2008, but not later than December 31,
22 2013, by written agreement to subsequent transferees at any time
23 during the five (5) years following the year of qualification. An
24 eligible transferee shall be any taxpayer subject to the tax imposed

1 by Section 1803 or Section 2355 of this title or Section 624 or 628
2 of Title 36 of the Oklahoma Statutes. The person originally allowed
3 the credit and the subsequent transferee shall jointly file a copy
4 of the written credit transfer agreement with the Tax Commission
5 within thirty (30) days of the transfer. The written agreement
6 shall contain the name, address and taxpayer identification number
7 of the parties to the transfer, the amount of credit being
8 transferred, the year the credit was originally allowed to the
9 transferring person and the tax year or years for which the credit
10 may be claimed. The Tax Commission may promulgate rules to permit
11 verification of the validity and timeliness of a tax credit claimed
12 upon a tax return pursuant to this subsection but shall not
13 promulgate any rules which unduly restrict or hinder the transfers
14 of such tax credit.

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

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

10 J. Any person receiving tax credits pursuant to the provisions
11 of this section shall apply the credits against taxes payable or,
12 subject to the limitation that credits earned after December 31,
13 2013, shall not be transferred, shall transfer the credits as
14 provided in this section or, for credits earned on or after January
15 1, 2014, shall receive a refund pursuant to the provisions of
16 subsection L of this section. Credits shall not be used to lower
17 the price of any Oklahoma-mined coal sold that is produced by a
18 subsidiary of the person receiving a tax credit under this section
19 to other buyers of the Oklahoma-mined coal.

20 K. Except as provided by paragraph 2 of subsection L of this
21 section, the credits allowed by subsections B, C, D, E and F of this
22 section, upon election of the taxpayer, shall be treated and may be
23 claimed as a payment of tax, a prepayment of tax or a payment of
24

1 estimated tax for purposes of Section 1803 or 2355 of this title or
2 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

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

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

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

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

17 N. 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 5. AMENDATORY 68 O.S. 2011, Section 2357.22, as
4 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
5 2015, Section 2357.22), is amended to read as follows:

6 Section 2357.22. A. ~~For~~ Except as provided in subsection J of
7 this section, for tax years beginning before January 1, 2020, there
8 shall be allowed a one-time credit against the income tax imposed by
9 Section 2355 of this title for investments in qualified clean-
10 burning motor vehicle fuel property placed in service after December
11 31, 1990.

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

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

21 a. be new, not previously used to modify or retrofit any
22 vehicle propelled by gasoline or diesel fuel and be
23 installed by an alternative fuels equipment technician
24

1 who is certified in accordance with the Alternative
2 Fuels Technician Certification Act,

3 b. meet all Federal Motor Vehicle Safety Standards set
4 forth in 49 CFR 571, or

5 c. for any commercial motor vehicle (CMV), follow the
6 Federal Motor Carrier Safety Regulations or Oklahoma
7 Intrastate Motor Carrier Regulations;

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

17 3. Property, not including a building and its structural
18 components, which is:

19 a. directly related to the delivery of compressed natural
20 gas, liquefied natural gas or liquefied petroleum gas,
21 or hydrogen, for commercial purposes or for a fee or
22 charge, into the fuel tank of a motor vehicle
23 propelled by such fuel including compression equipment
24 and storage tanks for such fuel at the point where

1 such fuel is so delivered but only if such property is
2 not used to deliver such fuel into any other type of
3 storage tank or receptacle and such fuel is not used
4 for any purpose other than to propel a motor vehicle,
5 or

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

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

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

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

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

3 1. After ~~the effective date of this act~~ August 22, 2014, for
4 the qualified clean-burning motor vehicle fuel property defined in
5 paragraph 1 or 2 of subsection B of this section, forty-five percent
6 (45%) of the cost of the qualified clean-burning motor vehicle fuel
7 property;

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

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

17 E. In cases where no credit has been claimed pursuant to
18 paragraph 1 of subsection D of this section by any prior owner and
19 in which a motor vehicle is purchased by a taxpayer with qualified
20 clean-burning motor vehicle fuel property installed by the
21 manufacturer of such motor vehicle and the taxpayer is unable or
22 elects not to determine the exact basis which is attributable to
23 such property, the taxpayer may claim a credit in an amount not
24

1 exceeding the lesser of ten percent (10%) of the cost of the motor
2 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

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

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

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

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

1 beginning of each subsequent fiscal year. The Tax Commission shall
2 then transfer an amount equal to the amount calculated in this
3 subsection from the revenue derived pursuant to the provisions of
4 subsections A, B and E of Section 2355 of this title to the
5 Compressed Natural Gas Conversion Safety and Regulation Fund created
6 in ~~Section 13 of this act~~ Section 130.25 of Title 74 of the Oklahoma
7 Statutes.

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

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

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

20 Section 2357.27. A. Except as otherwise provided by ~~subsection~~
21 ~~E~~ subsections E and F of this section, for tax years beginning after
22 December 31, 1998, and ending before January 1, 2017, there shall be
23 allowed a credit against the tax imposed by Section 2355 of this
24

1 title for eligible expenses incurred by entities primarily engaged
2 in the business of providing child care services.

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

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

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

17 E. 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, 2010, for
20 which the credit would otherwise be allowable. The provisions of
21 this subsection shall cease to be operative on July 1, 2012.
22 Beginning July 1, 2012, the 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, 2012, according to the provisions
2 of this section.

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, 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 SECTION 7. AMENDATORY Section 5, Chapter 370, O.S.L.
9 2013, as last amended by Section 5, Chapter 329, O.S.L. 2014 (68
10 O.S. Supp. 2015, Section 2357.29A), is amended to read as follows:

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

1 property tax paid the first year after the improvement is complete
2 shall be based on the same or similar square footage as the property
3 which was damaged or destroyed. For purposes of this section, a
4 "natural disaster" shall mean a weather or fire event for which a
5 Presidential Major Disaster Declaration was issued; provided,
6 however, that with respect to damage or destruction caused by a
7 tornado occurring in calendar year 2012 or in calendar year 2013 for
8 which a Presidential Major Disaster Declaration was not issued,
9 "natural disaster" shall include such a tornadic occurrence.

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

19 C. In order to qualify for this credit:

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

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

1 3. The property shall be the primary residence of the owner
2 both prior to and after the natural disaster;

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

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

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

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

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

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

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

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

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

- 2 a. wind,
- 3 b. moving water,
- 4 c. sun, or
- 5 d. geothermal energy.

6 B. For facilities placed in operation on or after January 1,
7 2003, and before January 1, 2007, the amount of the credit for the
8 electricity generated on or after January 1, 2003, but prior to
9 January 1, 2004, shall be seventy-five one-hundredths of one cent
10 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
11 emission facilities. For electricity generated on or after January
12 1, 2004, but prior to January 1, 2007, the amount of the credit
13 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-
14 hour for electricity generated by zero-emission facilities. For
15 electricity generated on or after January 1, 2007, but prior to
16 January 1, 2012, the amount of the credit shall be twenty-five one-
17 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
18 generated by zero-emission facilities. For facilities placed in
19 operation on or after January 1, 2007, and before January 1, 2021,
20 the amount of the credit for the electricity generated on or after
21 January 1, 2007, shall be fifty one-hundredths of one cent (\$0.0050)
22 for each kilowatt-hour of electricity generated by zero-emission
23 facilities.
24

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

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

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

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

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

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

1 prepayment of tax or a payment of estimated tax for purposes of
2 Section 1803 or Section 2355 of this title.

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

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, 2010, for
12 which the credit would otherwise be allowable until the provisions
13 of this subsection shall cease to be operative on July 1, 2011.
14 Beginning July 1, 2011, 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, 2010, according to the provisions
17 of this section. Any tax credits which accrue during the period of
18 July 1, 2010, through June 30, 2011, may not be claimed for any
19 period prior to the taxable year beginning January 1, 2012. No
20 credits which accrue during the period of July 1, 2010, through June
21 30, 2011, may be used to file an amended tax return for any taxable
22 year prior to the taxable year beginning January 1, 2012.

23 I. 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 9. AMENDATORY 68 O.S. 2011, Section 2357.41, is
9 amended to read as follows:

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

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

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

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

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

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

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

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

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

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

15 H. As used in this section:

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

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

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

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

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

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

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

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

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

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

1 The maximum earned income tax credit allowable on the Oklahoma
2 income tax return shall be prorated on the ratio that Oklahoma
3 adjusted gross income bears to the federal adjusted gross income.

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

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

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

15 Section 2357.45. A. 1. For Except as otherwise provided in
16 subsection E of this section, for tax years beginning after December
17 31, 2004, there shall be allowed against the tax imposed by Section
18 2355 of this title, a credit for any taxpayer who makes a donation
19 to an independent biomedical research institute and for tax years
20 beginning after December 31, 2010, a credit for any taxpayer who
21 makes a donation to a cancer research institute.

22 2. The credit authorized by paragraph 1 of this subsection
23 shall be limited as follows:
24

- 1 a. for calendar year 2007 and all subsequent years, the
2 credit percentage, not to exceed fifty percent (50%),
3 shall be adjusted annually so that the total estimate
4 of the credits does not exceed Two Million Dollars
5 (\$2,000,000.00) annually. The formula to be used for
6 the percentage adjusted shall be fifty percent (50%)
7 times One Million Dollars (\$1,000,000.00) divided by
8 the credits claimed in the preceding year for each
9 donation to an independent biomedical research
10 institute and fifty percent (50%) times One Million
11 Dollars (\$1,000,000.00) divided by the credits claimed
12 in the preceding year for each donation to a cancer
13 research institute,
- 14 b. in no event shall a taxpayer claim more than one
15 credit for a donation to any independent biomedical
16 research institute and one credit for a donation to a
17 cancer research institute in each taxable year nor
18 shall the credit exceed One Thousand Dollars
19 (\$1,000.00) for each taxpayer for each type of
20 donation,
- 21 c. for tax year 2011, no more than Fifty Thousand Dollars
22 (\$50,000.00) in total tax credits for donations to a
23 cancer research institute shall be allowed,
24

- d. in no event shall more than fifty percent (50%) of the Two Million Dollars (\$2,000,000.00) in total tax credits authorized by this section, for any calendar year after ~~the effective date of this act~~ January 1, 2011, be allocated for credits for donations to a cancer research institute, and
- e. in the event the total tax credits authorized by this section exceed One Million Dollars (\$1,000,000.00) in any calendar year for either a cancer research institute or an independent biomedical research institute, the Oklahoma Tax Commission shall permit any excess over One Million Dollars (\$1,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years for that type of donation. However, any such adjustment to the formula for donations to an independent biomedical research institute shall not affect the formula for donations to a cancer research institute, and any such adjustment to the formula for donations to a cancer research institute shall not affect the formula for donations to an independent biomedical research institute.

3. For purposes of this section, "independent biomedical research institute" means an organization which is exempt from

1 taxation pursuant to the provisions of Section 501(c)(3) of the
2 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
3 focus is conducting peer-reviewed basic biomedical research. The
4 organization shall:

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

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

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

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

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

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

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

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, 2016, for
18 which the credit would otherwise be allowable. The provisions of
19 this subsection shall cease to be operative on July 1, 2018.
20 Beginning July 1, 2018, 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, 2018, according to the provisions
23 of this section.
24

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

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

11 1. For any eligible energy efficient residential property
12 constructed and certified as forty percent (40%) or more above the
13 International Energy Conservation Code 2003 and any supplement in
14 effect at the time of completion, the amount of the credit shall be
15 equal to the eligible expenses, not to exceed Four Thousand Dollars
16 (\$4,000.00) for the taxpayer who is the contractor; and

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

24 B. As used in this section:

1. "Eligible expenditure" means any:

- a. energy efficient heating or cooling system,
- b. insulation material or system which is specifically and primarily designed to reduce the heat gain or loss of a residential property when installed in or on such property,
- c. exterior windows, including skylights,
- d. exterior doors, and
- e. any metal roof installed on a residential property, but only if such roof has appropriate pigmented coatings which are specifically and primarily designed to reduce the heat gain of such dwelling unit and which meet Energy Star program requirements;

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

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

- a. for the credit provided pursuant to paragraph 1 of subsection A of this section, which is certified by an

1 accredited Residential Energy Services Network

2 Provider using the Home Energy Rating System to have:

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

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

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

22 b. for the credit provided pursuant to paragraph 2 of
23 subsection A of this section, which is certified by an
24

1 accredited Residential Energy Services Network

2 Provider using the Home Energy Rating System to have:

- 3 (1) a level of annual heating and cooling energy
4 consumption which is between twenty percent (20%)
5 and thirty-nine percent (39%) below the annual
6 level of heating and cooling energy consumption
7 of a comparable residential property constructed
8 in accordance with the standards of Chapter 4 of
9 the 2003 International Energy Conservation Code,
10 as such code is in effect on ~~the effective date~~
11 ~~of this act~~ November 1, 2005,
- 12 (2) heating and cooling equipment efficiencies which
13 correspond to the minimum allowed under the
14 regulations established by the Department of
15 Energy pursuant to the National Appliance Energy
16 Conservation Act of 1987 and in effect at the
17 time of construction of the property, and
- 18 (3) building envelope component improvements which
19 account for at least one-third of the reduced
20 annual heating and cooling energy consumption
21 levels.

22 C. The credit provided for in subsection A of this section may
23 only be claimed once for the contractor of any eligible residential
24

1 energy efficient property during the taxable year when the property
2 is substantially complete.

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

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

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

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

23 H. 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 13. AMENDATORY 68 O.S. 2011, Section 2357.47, as
9 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
10 Section 2357.47), is amended to read as follows:

11 Section 2357.47. A. 1. Except as otherwise provided in
12 subsection D of this section, for tax years beginning after December
13 31, 2005, and ending before January 1, 2015, there shall be allowed
14 against the tax imposed by Section 2355 of this title, a credit for
15 eligible wages paid by an employer to an employee. The amount of
16 the credit shall be ten percent (10%) of the amount of the gross
17 wages paid to the employee for a period not to exceed ninety (90)
18 days but in no event shall the credit exceed Five Thousand Dollars
19 (\$5,000.00) for each employee of each taxpayer. In no event shall
20 the total credit claimed exceed Twenty-five Thousand Dollars
21 (\$25,000.00) in any one year for any taxpayer.

22 2. Except as otherwise provided by ~~subsection D~~ subsections D
23 and E of this section, for tax years beginning after December 31,
24 2005, and ending before January 1, 2017, there shall be allowed

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

10 3. As used in this section:

- 11 a. "employee", "employer", "maximum medical improvement",
12 "treating physician", and "wages" shall be defined as
13 in Title 85 A of the Oklahoma Statutes,
14 b. "eligible wages" means gross wages paid by an employer
15 to an employee who is injured as a result of an injury
16 which is compensable under Title 85 A of the Oklahoma
17 Statutes and which are paid beginning when the
18 employee returns to work with restricted duties as
19 provided by the employee's treating physician or an
20 independent medical examiner before the employee has
21 reached maximum medical improvement, and ending after
22 ninety (90) days or when the employee has reached
23 maximum medical improvement, and
24

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

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

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

18 D. 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 E. 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 14. AMENDATORY 68 O.S. 2011, Section 2357.104,
13 is amended to read as follows:

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

20 B. 1. Except as provided in paragraph 2 of this subsection,
21 the amount of the credit shall be limited to the product of Five
22 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
23 (\$2,000.00) for tax year 2008 and subsequent tax years and the
24

1 number of miles of railroad track owned or leased within this state
2 by the eligible taxpayer as of the close of the taxable year.

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

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

1 restrict or hinder the transfers of such tax credit. The Department
2 of Transportation shall promulgate rules to permit verification of
3 the eligibility of an eligible taxpayer's expenditures for the
4 purpose of claiming the credit. The rules shall provide for the
5 approval of qualified railroad reconstruction or replacement
6 expenditures prior to commencement of a project and provide a
7 certificate of verification upon completion of a project that uses
8 qualified railroad reconstruction or replacement expenditures. The
9 certificate of verification shall satisfy all requirements of the
10 Tax Commission pertaining to the eligibility of the person claiming
11 the credit.

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

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

20 F. As used in this section:

21 1. "Class II and Class III railroad" means a railroad that is
22 classified by the United States Surface Transportation Board as a
23 Class II or Class III railroad;
24

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

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

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

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

22 H. 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, 2016, for

1 which the credit would otherwise be allowable. The provisions of
2 this subsection shall cease to be operative on July 1, 2018.

3 Beginning July 1, 2018, 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, 2018, according to the provisions
6 of this section.

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

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

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

1 the credit shall be equal to the taxpayer's proportionate share of
2 the cap for the taxable year, as determined pursuant to subsection H
3 of this section.

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

14 3. The credits authorized pursuant to the provisions of this
15 subsection shall be allocable to the partners, shareholders, members
16 or other equity owners of a taxpayer that is authorized to be
17 treated as a partnership for purposes of federal income tax
18 reporting for the taxable year for which the tax credits authorized
19 by this subsection are claimed on the applicable return, together
20 with required schedules, forms or reports of the partners,
21 shareholders, members or other equity owners of the taxpayer. Tax
22 credits which are allocated to such equity owners shall only be
23 limited in amount for the income tax return of a natural person or
24 persons based upon the limitation of the total credit amount to the

1 entity from which the tax credits have been allocated and shall not
2 be limited to One Thousand Dollars (\$1,000.00) for single
3 individuals or limited to Two Thousand Dollars (\$2,000.00) for
4 married persons filing a joint return.

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

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

1 the credit shall be equal to the taxpayer's proportionate share of
2 the cap for the taxable year, as determined pursuant to subsection H
3 of this section.

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

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

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

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

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

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

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

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

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

15 G. As used in this section:

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

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

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

17 3. "Educational scholarships" means:

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

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

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

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

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

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

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

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

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

3 g. has policies in place to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. the name of the innovative educational program or programs and the total amount of the grant or grants made to those programs during the immediately preceding school year,
- b. a description of how each grant was utilized during the immediately preceding school year and a description of any demonstrated or expected innovative educational improvements,
- c. the names of the public school and school districts where innovative educational programs that received grants during the immediately preceding school year were implemented,
- d. where the organization collects information on a county-by-county basis, and
- e. the total number and total amount of grants made during the immediately preceding school year for innovative educational programs at public school by each county in which the organization made grants.

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

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

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

12 M. 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 16. AMENDATORY 68 O.S. 2011, Section 2357.302,
22 as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
23 2015, Section 2357.302), is amended to read as follows:
24

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

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

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

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

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

23 F. 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, 2010, for
2 which the credit would otherwise be allowable. The provisions of
3 this subsection shall cease to be operative on July 1, 2011.

4 Beginning July 1, 2011, 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, 2011, according to the provisions
7 of this section.

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

13 SECTION 17. AMENDATORY 68 O.S. 2011, Section 2357.303,
14 as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
15 2015, Section 2357.303), is amended to read as follows:

16 Section 2357.303. A. Except as provided in ~~subsection F~~
17 subsections F and G of this section, for taxable years beginning
18 after December 31, 2008, and ending before January 1, 2018, a
19 qualified employer shall be allowed a credit against the tax imposed
20 pursuant to Section 2355 of this title for compensation paid to a
21 qualified employee.

22 B. The credit authorized by subsection A of this section shall
23 be in the amount of:
24

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

5 2. Five percent (5%) 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 outside
8 this state.

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

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

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

17 F. 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, 2010, for
20 which the credit would otherwise be allowable. The provisions of
21 this subsection shall cease to be operative on July 1, 2011.
22 Beginning July 1, 2011, 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, 2011, according to the provisions
2 of this section.

3 G. No credit otherwise authorized by the provisions of this
4 section may be claimed for any event, transaction, investment,
5 expenditure or other act occurring on or after July 1, 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 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2357.304,
9 as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
10 2015, Section 2357.304), is amended to read as follows:

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

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

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

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, 2011.

3 Beginning July 1, 2011, 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, 2011, 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 SECTION 19. AMENDATORY 68 O.S. 2011, Section 2357.401,
13 as amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp.
14 2015, Section 2357.401), is amended to read as follows:

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

22 B. For any fees paid by a person or entity for the taxable year
23 beginning January 1, 2009, the credit otherwise authorized by this
24 section shall not be claimed for an individual prior to January 1,

1 2011. Subject to the requirements of this subsection, an individual
2 taxpayer shall be able to claim the credit authorized by this
3 section for all fees paid during the tax year ending December 31,
4 2009, and the tax year ending December 31, 2010, on the income tax
5 return filed for the tax year ending December 31, 2010.

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

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

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

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, 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 20. AMENDATORY Section 1, Chapter 421, O.S.L.
7 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as
8 follows:

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

11 B. As used in this section:

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

14 2. "Eligibility statement" means a statement authorized and
15 issued by the Oklahoma Housing Finance Agency certifying that a
16 given project qualifies for the Oklahoma Affordable Housing Tax
17 Credit authorized by this section. The Oklahoma Housing Finance
18 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
19 36, Affordable Housing Tax Credit Program Rules, shall promulgate
20 rules establishing criteria upon which the eligibility statements
21 will be issued. The eligibility statement shall specify the amount
22 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
23 project. The Oklahoma Housing Finance Agency shall only authorize
24 the tax credits created by this section to qualified projects which

1 are placed in service after July 1, 2015, but which shall not be
2 used to reduce tax liability accruing prior to January 1, 2016;

3 3. "Federal low-income housing tax credit" means the federal tax
4 credit as provided in Section 42 of the Internal Revenue Code of
5 1986, as amended;

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

8 5. "Qualified project" means a qualified low-income building as
9 that term is defined in Section 42 of the Internal Revenue Code of
10 1986, as amended, which is located in this state in a county with a
11 population of less than one hundred fifty thousand (150,000)
12 according to the latest Federal Decennial Census; and

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

19 C. For qualified projects placed in service after July 1, 2015,
20 the amount of state tax credits created by this section which are
21 allocated to a project shall be equal to that of the federal low-
22 income housing tax credits for a qualified project. The total
23 Oklahoma Affordable Housing Tax Credits allocated to all qualified
24 projects for an allocation year shall not exceed Four Million Dollars

1 (\$4,000,000.00). For purposes of this section, the "credit period"
2 shall mean the period of ten (10) taxable years and "placed in
3 service" shall have the same meaning as is applicable under the
4 federal credit program.

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

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

22 F. The credit authorized by this section shall not be used to
23 reduce the tax liability of the taxpayer to less than zero (\$0.00).
24

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

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

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

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

22 K. The Oklahoma Affordable Housing Act shall undergo a review
23 every five (5) years by a committee of nine (9) persons, to be
24 appointed three persons each by the Governor, President Pro Tempore of

1 the Oklahoma State Senate and the Speaker of the Oklahoma House of
2 Representatives.

3 L. 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 21. AMENDATORY 68 O.S. 2011, Section 2358.7, as
13 amended by Section 2, Chapter 161, O.S.L. 2012 (68 O.S. Supp. 2015,
14 Section 2358.7), is amended to read as follows:

15 Section 2358.7. A. For Except as otherwise provided by
16 subsection G of this section, for taxable years beginning after
17 December 31, 2004, there shall be allowed as a credit against the
18 tax imposed pursuant to Section 2355 of this title an amount equal
19 to:

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

23 2. Four Hundred Dollars (\$400.00) each year following the
24 taxable years for which a taxpayer is eligible for the credit

1 provided by paragraph 1 of this subsection for a volunteer
2 firefighter providing proof of certification as required by
3 subsection D of this section.

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

19 C. For each year subsequent to the first year for which a
20 volunteer firefighter may claim the tax credit authorized by
21 paragraph 1 of subsection A of this section, in order to claim any
22 further tax credits pursuant to paragraph 1 of subsection A of this
23 section, the volunteer firefighter shall be required to provide
24 documentation that the firefighter has completed an additional six

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

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

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

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

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

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

20 E. The Office of the State Fire Marshal and the Oklahoma
21 Council on Firefighter Training shall prescribe a reporting form for
22 use by volunteer fire departments and by volunteer firefighters in
23 order to provide the certifications required by this section.
24

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

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

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

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

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

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

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

23 C. Any tax levied under this section shall accrue on the last
24 day of the taxable year and be payable as provided in Section 2375

1 of this title. The accrual of such tax for the first taxable year
2 to which this act applies, shall apply notwithstanding the prior
3 accrual of a tax in the same taxable year based upon the net income
4 of the next preceding taxable year; provided, however, any
5 additional deduction enuring to the benefit of the taxpayer shall be
6 deducted in accordance with the optional transitional deduction
7 procedures in Section 2354 of this title.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 SECTION 25. This act shall become effective July 1, 2016.
24

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

5
6 55-2-1902 JCR 2/18/2016 7:15:44 PM
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24