

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 COMMITTEE SUBSTITUTE  
4 FOR

HOUSE BILL NO. 1568

By: Echols

8 COMMITTEE SUBSTITUTE

9 An Act relating to revenue and taxation; authorizing  
10 Department of Commerce to enter into certain  
negotiations with respect to purchase of tax credits;  
11 authorizing agreements; prescribing requirement for  
final approval; prescribing standards for contract;  
12 providing for effect of inability to reach agreement;  
requiring certain economic benefits; requiring final  
13 agreement to contain certain requirements; defining  
term; requiring notification to the Oklahoma Tax  
Commission; prescribing required information  
14 regarding purchased tax credits; requiring annual  
disclosure; authorizing return of funds; providing  
15 for computation of amount based on terms of  
agreement; providing for codification; and providing  
16 an effective date.

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

20 SECTION 1. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 2357.901 of Title 68, unless  
22 there is created a duplication in numbering, reads as follows:

23 A. The State of Oklahoma, through the Oklahoma Department of  
24 Commerce, shall establish a program that allows existing tax credits

1 to be repurchased from owners of the outstanding credits to reduce  
2 the debt burden of the state.

3 B. Under the program, the Department of Commerce may enter into  
4 agreements for the purchase of tax credits as authorized by this  
5 section. Tax credits owned by a taxpayer company may be repurchased  
6 by the State of Oklahoma if such an agreement is in the best  
7 interest of the state and when the cost of repurchase of the credits  
8 is determined to be less than the benefit to the state through the  
9 resulting reinvestment of a negotiated percentage of the payment by  
10 the state to the owner of the tax credits as defined in subsection C  
11 of this section. Payments by the state to owners of the tax credits  
12 can be made in one (1) or over multiple years, depending on the  
13 terms of the agreement. Neither the state nor the owner of the tax  
14 credits shall have any obligation to the other if an agreement is  
15 not reached. The final approval for any tax credit purchase  
16 agreement shall be subject to the availability of funds appropriated  
17 by the Legislature.

18 C. The Department of Commerce shall require that the agreement  
19 negotiated between the tax credit owner and the Department of  
20 Commerce be beneficial to the interests of the State of Oklahoma and  
21 its citizens through increased investment by the owner of the tax  
22 credits in facilities, equipment and job creation resulting from the  
23 use of some or all of the proceeds received for the cancellation of  
24 tax credits pursuant to the terms of the agreement.

1 D. No agreement shall be finalized unless the estimated direct  
2 state benefits resulting from the agreement exceed the estimated  
3 direct state costs. As used in this subsection, "estimated direct  
4 state benefits" means the revenues projected to accrue to the state  
5 as a result of new direct jobs or investment, additional tax  
6 revenues and the savings achieved through the purchase of  
7 outstanding but unclaimed tax credits. As used in this subsection,  
8 "estimated direct state costs" means the price paid to the owner of  
9 the tax credits for the credits which are surrendered and canceled  
10 pursuant to the terms of the agreement.

11 E. Within thirty (30) days of the finalization of any agreement  
12 for the repurchase of tax credits authorized by the provisions of  
13 this section, the former owner of the tax credits shall notify the  
14 Oklahoma Tax Commission on such form as the Commission may prescribe  
15 for that purpose, of the identity of the taxpayer, the type of tax  
16 credit, the total amount of tax credits, including any carryover  
17 credits, and such other information as the Tax Commission may  
18 require so that the tax credits repurchased cannot be used to reduce  
19 any future tax liability of the taxpayer or its successors in  
20 interest. The approved agreement between the tax credits owner and  
21 the state shall also be filed with the Commission.

22 F. The owner selling the tax credits to the State of Oklahoma  
23 shall file with the state on a yearly basis documenting the benefits  
24 to the state as defined in the agreement signed by the taxpayer and

1 the Department of Commerce. The information required by this  
2 subsection shall be filed on a form prescribed by the Department of  
3 Commerce for such purpose not later than March 15 each year related  
4 to the economic benefits for the preceding calendar year.

5 G. If the former owner of the credits does not fulfill the  
6 terms of the approved agreement, the state may require the return of  
7 funds equal to the percentage of the agreement which was not  
8 completed by the former owner of the credits.

9 SECTION 2. This act shall become effective November 1, 2017.

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