

SENATE CHAMBER
STATE OF OKLAHOMA

DISPOSITION

☐ FLOOR AMENDMENT

No. _____

☐ COMMITTEE AMENDMENT

(Date)

Mr./Madame President:

I move to amend House Bill No. 1568, by substituting the attached floor substitute for the title, enacting clause and entire body of the measure.

Submitted by:

Senator Bergstrom

Bergstrom-JCR-FS-Req#3631
4/19/2018 11:34 AM

(Floor Amendments Only) Date and Time Filed: _____

☐ Untimely

☐ Amendment Cycle Extended

☐ Secondary Amendment

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

FLOOR SUBSTITUTE
FOR ENGROSSED

HOUSE BILL NO. 1568

By: Echols of the House

and

Thompson of the Senate

FLOOR SUBSTITUTE

[revenue and taxation - Department of Commerce to
enter into certain negotiations - codification -
effective date]

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

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

A. The State of Oklahoma, through the Oklahoma Department of
Commerce, shall establish a program that allows outstanding tax
credits to be purchased from owners of the outstanding credits to
reduce the debt burden of the state. For the purposes of this
section, "outstanding tax credits" means credits against the tax
imposed by Section 2355 of Title 68 of the Oklahoma Statutes which
have been claimed, but not used, by a taxpayer and are eligible to

1 be carried forward to a tax year during which a payment will be made
2 pursuant to an agreement authorized by this section.

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

3 D. No agreement shall be finalized unless the estimated direct
4 state benefits resulting from the agreement exceed the estimated
5 direct state costs. As used in this subsection, "estimated direct
6 state benefits" means the state tax revenues projected to accrue to
7 the state as a result of new direct jobs or investment funded
8 through the proceeds of the purchase and/or surrender and
9 cancellation of outstanding tax credits. As used in this
10 subsection, "estimated direct state costs" means the price paid to
11 the owner of the tax credits pursuant to the terms of the agreement.

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

1 F. The owner selling the tax credits to the State of Oklahoma
2 shall file with the state on a yearly basis on a form prescribed
3 herein documenting the benefits to the state as defined in the
4 agreement signed by the taxpayer and the Department of Commerce.
5 The information required by this subsection shall be filed on a form
6 prescribed by the Department of Commerce for such purpose not later
7 than March 15 each year related to the economic benefits for the
8 preceding calendar year.

9 G. If the former owner of the credits does not fulfill the
10 terms of the approved agreement, the state may require the return of
11 funds equal to the percentage of the agreement which was not
12 completed by the former owner of the credits.

13 SECTION 2. This act shall become effective November 1, 2018.
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15 56-2-3631 JCR 4/19/2018 11:34:31 AM
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