

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2348

By: Osborn (Leslie) and Wallace
of the House

and

David and Fields of the
Senate

10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2011, Sections 2358, as last amended by Section
13 1, Chapter 334, O.S.L. 2016 and 2368, as amended by
14 Section 2, Chapter 28, O.S.L. 2016 (68 O.S. Supp.
15 2016, Sections 2358 and 2368), which relate to the
16 Oklahoma Income Tax Code; modifying provisions
17 related to standard deduction; prescribing standard
18 deduction amounts; imposing requirements with respect
19 to Oklahoma income tax return filing; imposing
20 requirements with respect to certain resident
21 individuals; imposing requirements with respect to
22 nonresident individual income tax returns; and
23 providing an effective date.
24

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

1 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2358, as
2 last amended by Section 1, Chapter 334, O.S.L. 2016 (68 O.S. Supp.
3 2016, Section 2358), is amended to read as follows:

4 Section 2358. For all tax years beginning after December 31,
5 1981, taxable income and adjusted gross income shall be adjusted to
6 arrive at Oklahoma taxable income and Oklahoma adjusted gross income
7 as required by this section.

8 A. The taxable income of any taxpayer shall be adjusted to
9 arrive at Oklahoma taxable income for corporations and Oklahoma
10 adjusted gross income for individuals, as follows:

11 1. There shall be added interest income on obligations of any
12 state or political subdivision thereto which is not otherwise
13 exempted pursuant to other laws of this state, to the extent that
14 such interest is not included in taxable income and adjusted gross
15 income.

16 2. There shall be deducted amounts included in such income that
17 the state is prohibited from taxing because of the provisions of the
18 Federal Constitution, the State Constitution, federal laws or laws
19 of Oklahoma.

20 3. The amount of any federal net operating loss deduction shall
21 be adjusted as follows:

22 a. For carryovers and carrybacks to taxable years
23 beginning before January 1, 1981, the amount of any
24 net operating loss deduction allowed to a taxpayer for

1 federal income tax purposes shall be reduced to an
2 amount which is the same portion thereof as the loss
3 from sources within this state, as determined pursuant
4 to this section and Section 2362 of this title, for
5 the taxable year in which such loss is sustained is of
6 the total loss for such year;

- 7 b. For carryovers and carrybacks to taxable years
8 beginning after December 31, 1980, the amount of any
9 net operating loss deduction allowed for the taxable
10 year shall be an amount equal to the aggregate of the
11 Oklahoma net operating loss carryovers and carrybacks
12 to such year. Oklahoma net operating losses shall be
13 separately determined by reference to Section 172 of
14 the Internal Revenue Code, 26 U.S.C., Section 172, as
15 modified by the Oklahoma Income Tax Act, Section 2351
16 et seq. of this title, and shall be allowed without
17 regard to the existence of a federal net operating
18 loss. For tax years beginning after December 31,
19 2000, and ending before January 1, 2008, the years to
20 which such losses may be carried shall be determined
21 solely by reference to Section 172 of the Internal
22 Revenue Code, 26 U.S.C., Section 172, with the
23 exception that the terms "net operating loss" and
24 "taxable income" shall be replaced with "Oklahoma net

1 operating loss" and "Oklahoma taxable income". For
2 tax years beginning after December 31, 2007, and
3 ending before January 1, 2009, years to which such
4 losses may be carried back shall be limited to two (2)
5 years. For tax years beginning after December 31,
6 2008, the years to which such losses may be carried
7 back shall be determined solely by reference to
8 Section 172 of the Internal Revenue Code, 26 U.S.C.,
9 Section 172, with the exception that the terms "net
10 operating loss" and "taxable income" shall be replaced
11 with "Oklahoma net operating loss" and "Oklahoma
12 taxable income".

13 4. Items of the following nature shall be allocated as
14 indicated. Allowable deductions attributable to items separately
15 allocable in subparagraphs a, b and c of this paragraph, whether or
16 not such items of income were actually received, shall be allocated
17 on the same basis as those items:

- 18 a. Income from real and tangible personal property, such
19 as rents, oil and mining production or royalties, and
20 gains or losses from sales of such property, shall be
21 allocated in accordance with the situs of such
22 property;
- 23 b. Income from intangible personal property, such as
24 interest, dividends, patent or copyright royalties,

1 and gains or losses from sales of such property, shall
2 be allocated in accordance with the domiciliary situs
3 of the taxpayer, except that:

4 (1) where such property has acquired a nonunitary
5 business or commercial situs apart from the
6 domicile of the taxpayer such income shall be
7 allocated in accordance with such business or
8 commercial situs; interest income from
9 investments held to generate working capital for
10 a unitary business enterprise shall be included
11 in apportionable income; a resident trust or
12 resident estate shall be treated as having a
13 separate commercial or business situs insofar as
14 undistributed income is concerned, but shall not
15 be treated as having a separate commercial or
16 business situs insofar as distributed income is
17 concerned,

18 (2) for taxable years beginning after December 31,
19 2003, capital or ordinary gains or losses from
20 the sale of an ownership interest in a publicly
21 traded partnership, as defined by Section 7704(b)
22 of the Internal Revenue Code of 1986, as amended,
23 shall be allocated to this state in the ratio of
24 the original cost of such partnership's tangible

1 property in this state to the original cost of
2 such partnership's tangible property everywhere,
3 as determined at the time of the sale; if more
4 than fifty percent (50%) of the value of the
5 partnership's assets consists of intangible
6 assets, capital or ordinary gains or losses from
7 the sale of an ownership interest in the
8 partnership shall be allocated to this state in
9 accordance with the sales factor of the
10 partnership for its first full tax period
11 immediately preceding its tax period during which
12 the ownership interest in the partnership was
13 sold; the provisions of this division shall only
14 apply if the capital or ordinary gains or losses
15 from the sale of an ownership interest in a
16 partnership do not constitute qualifying gain
17 receiving capital treatment as defined in
18 subparagraph a of paragraph 2 of subsection F of
19 this section,

- 20 (3) income from such property which is required to be
21 allocated pursuant to the provisions of paragraph
22 5 of this subsection shall be allocated as herein
23 provided;
24

1 c. Net income or loss from a business activity which is
2 not a part of business carried on within or without
3 the state of a unitary character shall be separately
4 allocated to the state in which such activity is
5 conducted;

6 d. In the case of a manufacturing or processing
7 enterprise the business of which in Oklahoma consists
8 solely of marketing its products by:

9 (1) sales having a situs without this state, shipped
10 directly to a point from without the state to a
11 purchaser within the state, commonly known as
12 interstate sales,

13 (2) sales of the product stored in public warehouses
14 within the state pursuant to "in transit"
15 tariffs, as prescribed and allowed by the
16 Interstate Commerce Commission, to a purchaser
17 within the state,

18 (3) sales of the product stored in public warehouses
19 within the state where the shipment to such
20 warehouses is not covered by "in transit"
21 tariffs, as prescribed and allowed by the
22 Interstate Commerce Commission, to a purchaser
23 within or without the state,
24

1 the Oklahoma net income shall, at the option of the
2 taxpayer, be that portion of the total net income of
3 the taxpayer for federal income tax purposes derived
4 from the manufacture and/or processing and sales
5 everywhere as determined by the ratio of the sales
6 defined in this section made to the purchaser within
7 the state to the total sales everywhere. The term
8 "public warehouse" as used in this subparagraph means
9 a licensed public warehouse, the principal business of
10 which is warehousing merchandise for the public;

11 e. In the case of insurance companies, Oklahoma taxable
12 income shall be taxable income of the taxpayer for
13 federal tax purposes, as adjusted for the adjustments
14 provided pursuant to the provisions of paragraphs 1
15 and 2 of this subsection, apportioned as follows:

16 (1) except as otherwise provided by division (2) of
17 this subparagraph, taxable income of an insurance
18 company for a taxable year shall be apportioned
19 to this state by multiplying such income by a
20 fraction, the numerator of which is the direct
21 premiums written for insurance on property or
22 risks in this state, and the denominator of which
23 is the direct premiums written for insurance on
24 property or risks everywhere. For purposes of

1 this subsection, the term "direct premiums
2 written" means the total amount of direct
3 premiums written, assessments and annuity
4 considerations as reported for the taxable year
5 on the annual statement filed by the company with
6 the Insurance Commissioner in the form approved
7 by the National Association of Insurance
8 Commissioners, or such other form as may be
9 prescribed in lieu thereof,

10 (2) if the principal source of premiums written by an
11 insurance company consists of premiums for
12 reinsurance accepted by it, the taxable income of
13 such company shall be apportioned to this state
14 by multiplying such income by a fraction, the
15 numerator of which is the sum of (a) direct
16 premiums written for insurance on property or
17 risks in this state, plus (b) premiums written
18 for reinsurance accepted in respect of property
19 or risks in this state, and the denominator of
20 which is the sum of (c) direct premiums written
21 for insurance on property or risks everywhere,
22 plus (d) premiums written for reinsurance
23 accepted in respect of property or risks
24 everywhere. For purposes of this paragraph,

1 premiums written for reinsurance accepted in
2 respect of property or risks in this state,
3 whether or not otherwise determinable, may at the
4 election of the company be determined on the
5 basis of the proportion which premiums written
6 for insurance accepted from companies
7 commercially domiciled in Oklahoma bears to
8 premiums written for reinsurance accepted from
9 all sources, or alternatively in the proportion
10 which the sum of the direct premiums written for
11 insurance on property or risks in this state by
12 each ceding company from which reinsurance is
13 accepted bears to the sum of the total direct
14 premiums written by each such ceding company for
15 the taxable year.

16 5. The net income or loss remaining after the separate
17 allocation in paragraph 4 of this subsection, being that which is
18 derived from a unitary business enterprise, shall be apportioned to
19 this state on the basis of the arithmetical average of three factors
20 consisting of property, payroll and sales or gross revenue
21 enumerated as subparagraphs a, b and c of this paragraph. Net
22 income or loss as used in this paragraph includes that derived from
23 patent or copyright royalties, purchase discounts, and interest on
24 accounts receivable relating to or arising from a business activity,

1 the income from which is apportioned pursuant to this subsection,
2 including the sale or other disposition of such property and any
3 other property used in the unitary enterprise. Deductions used in
4 computing such net income or loss shall not include taxes based on
5 or measured by income. Provided, for corporations whose property
6 for purposes of the tax imposed by Section 2355 of this title has an
7 initial investment cost equaling or exceeding Two Hundred Million
8 Dollars (\$200,000,000.00) and such investment is made on or after
9 July 1, 1997, or for corporations which expand their property or
10 facilities in this state and such expansion has an investment cost
11 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)
12 over a period not to exceed three (3) years, and such expansion is
13 commenced on or after January 1, 2000, the three factors shall be
14 apportioned with property and payroll, each comprising twenty-five
15 percent (25%) of the apportionment factor and sales comprising fifty
16 percent (50%) of the apportionment factor. The apportionment
17 factors shall be computed as follows:

18 a. The property factor is a fraction, the numerator of
19 which is the average value of the taxpayer's real and
20 tangible personal property owned or rented and used in
21 this state during the tax period and the denominator
22 of which is the average value of all the taxpayer's
23 real and tangible personal property everywhere owned
24 or rented and used during the tax period.

- 1 (1) Property, the income from which is separately
2 allocated in paragraph 4 of this subsection,
3 shall not be included in determining this
4 fraction. The numerator of the fraction shall
5 include a portion of the investment in
6 transportation and other equipment having no
7 fixed situs, such as rolling stock, buses, trucks
8 and trailers, including machinery and equipment
9 carried thereon, airplanes, salespersons'
10 automobiles and other similar equipment, in the
11 proportion that miles traveled in Oklahoma by
12 such equipment bears to total miles traveled,
- 13 (2) Property owned by the taxpayer is valued at its
14 original cost. Property rented by the taxpayer
15 is valued at eight times the net annual rental
16 rate. Net annual rental rate is the annual
17 rental rate paid by the taxpayer, less any annual
18 rental rate received by the taxpayer from
19 subrentals,
- 20 (3) The average value of property shall be determined
21 by averaging the values at the beginning and
22 ending of the tax period but the Oklahoma Tax
23 Commission may require the averaging of monthly
24 values during the tax period if reasonably

1 required to reflect properly the average value of
2 the taxpayer's property;

3 b. The payroll factor is a fraction, the numerator of
4 which is the total compensation for services rendered
5 in the state during the tax period, and the
6 denominator of which is the total compensation for
7 services rendered everywhere during the tax period.
8 "Compensation", as used in this subsection means those
9 paid-for services to the extent related to the unitary
10 business but does not include officers' salaries,
11 wages and other compensation.

12 (1) In the case of a transportation enterprise, the
13 numerator of the fraction shall include a portion
14 of such expenditure in connection with employees
15 operating equipment over a fixed route, such as
16 railroad employees, airline pilots, or bus
17 drivers, in this state only a part of the time,
18 in the proportion that mileage traveled in
19 Oklahoma bears to total mileage traveled by such
20 employees,

21 (2) In any case the numerator of the fraction shall
22 include a portion of such expenditures in
23 connection with itinerant employees, such as
24 traveling salespersons, in this state only a part

1 of the time, in the proportion that time spent in
2 Oklahoma bears to total time spent in furtherance
3 of the enterprise by such employees;

4 c. The sales factor is a fraction, the numerator of which
5 is the total sales or gross revenue of the taxpayer in
6 this state during the tax period, and the denominator
7 of which is the total sales or gross revenue of the
8 taxpayer everywhere during the tax period. "Sales",
9 as used in this subsection does not include sales or
10 gross revenue which are separately allocated in
11 paragraph 4 of this subsection.

12 (1) Sales of tangible personal property have a situs
13 in this state if the property is delivered or
14 shipped to a purchaser other than the United
15 States government, within this state regardless
16 of the FOB point or other conditions of the sale;
17 or the property is shipped from an office, store,
18 warehouse, factory or other place of storage in
19 this state and (a) the purchaser is the United
20 States government or (b) the taxpayer is not
21 doing business in the state of the destination of
22 the shipment.

23 (2) In the case of a railroad or interurban railway
24 enterprise, the numerator of the fraction shall

1 not be less than the allocation of revenues to
2 this state as shown in its annual report to the
3 Corporation Commission.

4 (3) In the case of an airline, truck or bus
5 enterprise or freight car, tank car, refrigerator
6 car or other railroad equipment enterprise, the
7 numerator of the fraction shall include a portion
8 of revenue from interstate transportation in the
9 proportion that interstate mileage traveled in
10 Oklahoma bears to total interstate mileage
11 traveled.

12 (4) In the case of an oil, gasoline or gas pipeline
13 enterprise, the numerator of the fraction shall
14 be either the total of traffic units of the
15 enterprise within Oklahoma or the revenue
16 allocated to Oklahoma based upon miles moved, at
17 the option of the taxpayer, and the denominator
18 of which shall be the total of traffic units of
19 the enterprise or the revenue of the enterprise
20 everywhere as appropriate to the numerator. A
21 "traffic unit" is hereby defined as the
22 transportation for a distance of one (1) mile of
23 one (1) barrel of oil, one (1) gallon of gasoline
24

1 or one thousand (1,000) cubic feet of natural or
2 casinghead gas, as the case may be.

3 (5) In the case of a telephone or telegraph or other
4 communication enterprise, the numerator of the
5 fraction shall include that portion of the
6 interstate revenue as is allocated pursuant to
7 the accounting procedures prescribed by the
8 Federal Communications Commission; provided that
9 in respect to each corporation or business entity
10 required by the Federal Communications Commission
11 to keep its books and records in accordance with
12 a uniform system of accounts prescribed by such
13 Commission, the intrastate net income shall be
14 determined separately in the manner provided by
15 such uniform system of accounts and only the
16 interstate income shall be subject to allocation
17 pursuant to the provisions of this subsection.
18 Provided further, that the gross revenue factors
19 shall be those as are determined pursuant to the
20 accounting procedures prescribed by the Federal
21 Communications Commission.

22 In any case where the apportionment of the three factors
23 prescribed in this paragraph attributes to Oklahoma a portion of net
24 income of the enterprise out of all appropriate proportion to the

1 property owned and/or business transacted within this state, because
2 of the fact that one or more of the factors so prescribed are not
3 employed to any appreciable extent in furtherance of the enterprise;
4 or because one or more factors not so prescribed are employed to a
5 considerable extent in furtherance of the enterprise; or because of
6 other reasons, the Tax Commission is empowered to permit, after a
7 showing by taxpayer that an excessive portion of net income has been
8 attributed to Oklahoma, or require, when in its judgment an
9 insufficient portion of net income has been attributed to Oklahoma,
10 the elimination, substitution, or use of additional factors, or
11 reduction or increase in the weight of such prescribed factors.
12 Provided, however, that any such variance from such prescribed
13 factors which has the effect of increasing the portion of net income
14 attributable to Oklahoma must not be inherently arbitrary, and
15 application of the recomputed final apportionment to the net income
16 of the enterprise must attribute to Oklahoma only a reasonable
17 portion thereof.

18 6. For calendar years 1997 and 1998, the owner of a new or
19 expanded agricultural commodity processing facility in this state
20 may exclude from Oklahoma taxable income, or in the case of an
21 individual, the Oklahoma adjusted gross income, fifteen percent
22 (15%) of the investment by the owner in the new or expanded
23 agricultural commodity processing facility. For calendar year 1999,
24 and all subsequent years, the percentage, not to exceed fifteen

1 percent (15%), available to the owner of a new or expanded
2 agricultural commodity processing facility in this state claiming
3 the exemption shall be adjusted annually so that the total estimated
4 reduction in tax liability does not exceed One Million Dollars
5 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules
6 for determining the percentage of the investment which each eligible
7 taxpayer may exclude. The exclusion provided by this paragraph
8 shall be taken in the taxable year when the investment is made. In
9 the event the total reduction in tax liability authorized by this
10 paragraph exceeds One Million Dollars (\$1,000,000.00) in any
11 calendar year, the Tax Commission shall permit any excess over One
12 Million Dollars (\$1,000,000.00) and shall factor such excess into
13 the percentage for subsequent years. Any amount of the exemption
14 permitted to be excluded pursuant to the provisions of this
15 paragraph but not used in any year may be carried forward as an
16 exemption from income pursuant to the provisions of this paragraph
17 for a period not exceeding six (6) years following the year in which
18 the investment was originally made.

19 For purposes of this paragraph:

- 20 a. "Agricultural commodity processing facility" means
21 building, structures, fixtures and improvements used
22 or operated primarily for the processing or production
23 of marketable products from agricultural commodities.
24 The term shall also mean a dairy operation that

1 requires a depreciable investment of at least Two
2 Hundred Fifty Thousand Dollars (\$250,000.00) and which
3 produces milk from dairy cows. The term does not
4 include a facility that provides only, and nothing
5 more than, storage, cleaning, drying or transportation
6 of agricultural commodities, and

7 b. "Facility" means each part of the facility which is
8 used in a process primarily for:

- 9 (1) the processing of agricultural commodities,
10 including receiving or storing agricultural
11 commodities, or the production of milk at a dairy
12 operation,
13 (2) transporting the agricultural commodities or
14 product before, during or after the processing,
15 or
16 (3) packaging or otherwise preparing the product for
17 sale or shipment.

18 7. Despite any provision to the contrary in paragraph 3 of this
19 subsection, for taxable years beginning after December 31, 1999, in
20 the case of a taxpayer which has a farming loss, such farming loss
21 shall be considered a net operating loss carryback in accordance
22 with and to the extent of the Internal Revenue Code, 26 U.S.C.,
23 Section 172(b)(G). However, the amount of the net operating loss
24 carryback shall not exceed the lesser of:

- a. Sixty Thousand Dollars (\$60,000.00), or
- b. the loss properly shown on Schedule F of the Internal Revenue Service Form 1040 reduced by one-half (1/2) of the income from all other sources other than reflected on Schedule F.

8. In taxable years beginning after December 31, 1995, all qualified wages equal to the federal income tax credit set forth in 26 U.S.C.A., Section 45A, shall be deducted from taxable income. The deduction allowed pursuant to this paragraph shall only be permitted for the tax years in which the federal tax credit pursuant to 26 U.S.C.A., Section 45A, is allowed. For purposes of this paragraph, "qualified wages" means those wages used to calculate the federal credit pursuant to 26 U.S.C.A., Section 45A.

9. In taxable years beginning after December 31, 2005, an employer that is eligible for and utilizes the Safety Pays OSHA Consultation Service provided by the Oklahoma Department of Labor shall receive an exemption from taxable income in the amount of One Thousand Dollars (\$1,000.00) for the tax year that the service is utilized.

10. For taxable years beginning on or after January 1, 2010, there shall be added to Oklahoma taxable income an amount equal to the amount of deferred income not included in such taxable income pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986 as amended by Section 1231 of the American Recovery and Reinvestment

1 Act of 2009 (P.L. No. 111-5). There shall be subtracted from
2 Oklahoma taxable income an amount equal to the amount of deferred
3 income included in such taxable income pursuant to Section 108(i)(1)
4 of the Internal Revenue Code of 1986, as amended by Section 1231 of
5 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

6 B. 1. The taxable income of any corporation shall be further
7 adjusted to arrive at Oklahoma taxable income, except those
8 corporations electing treatment as provided in subchapter S of the
9 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section
10 2365 of this title, deductions pursuant to the provisions of the
11 Accelerated Cost Recovery System as defined and allowed in the
12 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,
13 Section 168, for depreciation of assets placed into service after
14 December 31, 1981, shall not be allowed in calculating Oklahoma
15 taxable income. Such corporations shall be allowed a deduction for
16 depreciation of assets placed into service after December 31, 1981,
17 in accordance with provisions of the Internal Revenue Code, 26
18 U.S.C., Section 1 et seq., in effect immediately prior to the
19 enactment of the Accelerated Cost Recovery System. The Oklahoma tax
20 basis for all such assets placed into service after December 31,
21 1981, calculated in this section shall be retained and utilized for
22 all Oklahoma income tax purposes through the final disposition of
23 such assets.

1 Notwithstanding any other provisions of the Oklahoma Income Tax
2 Act, Section 2351 et seq. of this title, or of the Internal Revenue
3 Code to the contrary, this subsection shall control calculation of
4 depreciation of assets placed into service after December 31, 1981,
5 and before January 1, 1983.

6 For assets placed in service and held by a corporation in which
7 accelerated cost recovery system was previously disallowed, an
8 adjustment to taxable income is required in the first taxable year
9 beginning after December 31, 1982, to reconcile the basis of such
10 assets to the basis allowed in the Internal Revenue Code. The
11 purpose of this adjustment is to equalize the basis and allowance
12 for depreciation accounts between that reported to the Internal
13 Revenue Service and that reported to Oklahoma.

14 2. For tax years beginning on or after January 1, 2009, and
15 ending on or before December 31, 2009, there shall be added to
16 Oklahoma taxable income any amount in excess of One Hundred Seventy-
17 five Thousand Dollars (\$175,000.00) which has been deducted as a
18 small business expense under Internal Revenue Code, Section 179 as
19 provided in the American Recovery and Reinvestment Act of 2009.

20 C. 1. For taxable years beginning after December 31, 1987, the
21 taxable income of any corporation shall be further adjusted to
22 arrive at Oklahoma taxable income for transfers of technology to
23 qualified small businesses located in Oklahoma. Such transferor
24 corporation shall be allowed an exemption from taxable income of an

1 amount equal to the amount of royalty payment received as a result
2 of such transfer; provided, however, such amount shall not exceed
3 ten percent (10%) of the amount of gross proceeds received by such
4 transferor corporation as a result of the technology transfer. Such
5 exemption shall be allowed for a period not to exceed ten (10) years
6 from the date of receipt of the first royalty payment accruing from
7 such transfer. No exemption may be claimed for transfers of
8 technology to qualified small businesses made prior to January 1,
9 1988.

10 2. For purposes of this subsection:

11 a. "Qualified small business" means an entity, whether
12 organized as a corporation, partnership, or
13 proprietorship, organized for profit with its
14 principal place of business located within this state
15 and which meets the following criteria:

- 16 (1) Capitalization of not more than Two Hundred Fifty
17 Thousand Dollars (\$250,000.00),
18 (2) Having at least fifty percent (50%) of its
19 employees and assets located in Oklahoma at the
20 time of the transfer, and
21 (3) Not a subsidiary or affiliate of the transferor
22 corporation;

23 b. "Technology" means a proprietary process, formula,
24 pattern, device or compilation of scientific or

1 technical information which is not in the public
2 domain;

3 c. "Transferor corporation" means a corporation which is
4 the exclusive and undisputed owner of the technology
5 at the time the transfer is made; and

6 d. "Gross proceeds" means the total amount of
7 consideration for the transfer of technology, whether
8 the consideration is in money or otherwise.

9 D. 1. For taxable years beginning after December 31, 2005, the
10 taxable income of any corporation, estate or trust, shall be further
11 adjusted for qualifying gains receiving capital treatment. Such
12 corporations, estates or trusts shall be allowed a deduction from
13 Oklahoma taxable income for the amount of qualifying gains receiving
14 capital treatment earned by the corporation, estate or trust during
15 the taxable year and included in the federal taxable income of such
16 corporation, estate or trust.

17 2. As used in this subsection:

18 a. "qualifying gains receiving capital treatment" means
19 the amount of net capital gains, as defined in Section
20 1222(11) of the Internal Revenue Code, included in the
21 federal income tax return of the corporation, estate
22 or trust that result from:

23 (1) the sale of real property or tangible personal
24 property located within Oklahoma that has been

1 directly or indirectly owned by the corporation,
2 estate or trust for a holding period of at least
3 five (5) years prior to the date of the
4 transaction from which such net capital gains
5 arise,

6 (2) the sale of stock or on the sale of an ownership
7 interest in an Oklahoma company, limited
8 liability company, or partnership where such
9 stock or ownership interest has been directly or
10 indirectly owned by the corporation, estate or
11 trust for a holding period of at least three (3)
12 years prior to the date of the transaction from
13 which the net capital gains arise, or

14 (3) the sale of real property, tangible personal
15 property or intangible personal property located
16 within Oklahoma as part of the sale of all or
17 substantially all of the assets of an Oklahoma
18 company, limited liability company, or
19 partnership where such property has been directly
20 or indirectly owned by such entity owned by the
21 owners of such entity, and used in or derived
22 from such entity for a period of at least three
23 (3) years prior to the date of the transaction
24 from which the net capital gains arise,

- 1 b. "holding period" means an uninterrupted period of
2 time. The holding period shall include any additional
3 period when the property was held by another
4 individual or entity, if such additional period is
5 included in the taxpayer's holding period for the
6 asset pursuant to the Internal Revenue Code,
- 7 c. "Oklahoma company", "limited liability company", or
8 "partnership" means an entity whose primary
9 headquarters have been located in Oklahoma for at
10 least three (3) uninterrupted years prior to the date
11 of the transaction from which the net capital gains
12 arise,
- 13 d. "direct" means the taxpayer directly owns the asset,
14 and
- 15 e. "indirect" means the taxpayer owns an interest in a
16 pass-through entity (or chain of pass-through
17 entities) that sells the asset that gives rise to the
18 qualifying gains receiving capital treatment.
- 19 (1) With respect to sales of real property or
20 tangible personal property located within
21 Oklahoma, the deduction described in this
22 subsection shall not apply unless the pass-
23 through entity that makes the sale has held the
24 property for not less than five (5) uninterrupted

1 years prior to the date of the transaction that
2 created the capital gain, and each pass-through
3 entity included in the chain of ownership has
4 been a member, partner, or shareholder of the
5 pass-through entity in the tier immediately below
6 it for an uninterrupted period of not less than
7 five (5) years.

8 (2) With respect to sales of stock or ownership
9 interest in or sales of all or substantially all
10 of the assets of an Oklahoma company, limited
11 liability company, or partnership, the deduction
12 described in this subsection shall not apply
13 unless the pass-through entity that makes the
14 sale has held the stock or ownership interest or
15 the assets for not less than three (3)
16 uninterrupted years prior to the date of the
17 transaction that created the capital gain, and
18 each pass-through entity included in the chain of
19 ownership has been a member, partner or
20 shareholder of the pass-through entity in the
21 tier immediately below it for an uninterrupted
22 period of not less than three (3) years.

1 E. The Oklahoma adjusted gross income of any individual
2 taxpayer shall be further adjusted as follows to arrive at Oklahoma
3 taxable income:

4 1. a. In the case of individuals, there shall be added or
5 deducted, as the case may be, the difference necessary
6 to allow personal exemptions of One Thousand Dollars
7 (\$1,000.00) in lieu of the personal exemptions allowed
8 by the Internal Revenue Code.

9 b. There shall be allowed an additional exemption of One
10 Thousand Dollars (\$1,000.00) for each taxpayer or
11 spouse who is blind at the close of the tax year. For
12 purposes of this subparagraph, an individual is blind
13 only if the central visual acuity of the individual
14 does not exceed 20/200 in the better eye with
15 correcting lenses, or if the visual acuity of the
16 individual is greater than 20/200, but is accompanied
17 by a limitation in the fields of vision such that the
18 widest diameter of the visual field subtends an angle
19 no greater than twenty (20) degrees.

20 c. There shall be allowed an additional exemption of One
21 Thousand Dollars (\$1,000.00) for each taxpayer or
22 spouse who is sixty-five (65) years of age or older at
23 the close of the tax year based upon the filing status
24 and federal adjusted gross income of the taxpayer.

1 Taxpayers with the following filing status may claim
2 this exemption if the federal adjusted gross income
3 does not exceed:

- 4 (1) Twenty-five Thousand Dollars (\$25,000.00) if
5 married and filing jointly;
- 6 (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)
7 if married and filing separately;
- 8 (3) Fifteen Thousand Dollars (\$15,000.00) if single;
9 and
- 10 (4) Nineteen Thousand Dollars (\$19,000.00) if a
11 qualifying head of household.

12 Provided, for taxable years beginning after December
13 31, 1999, amounts included in the calculation of
14 federal adjusted gross income pursuant to the
15 conversion of a traditional individual retirement
16 account to a Roth individual retirement account shall
17 be excluded from federal adjusted gross income for
18 purposes of the income thresholds provided in this
19 subparagraph.

- 20 2. a. For taxable years beginning on or before December 31,
21 2005, in the case of individuals who use the standard
22 deduction in determining taxable income, there shall
23 be added or deducted, as the case may be, the
24 difference necessary to allow a standard deduction in

1 lieu of the standard deduction allowed by the Internal
2 Revenue Code, in an amount equal to the larger of
3 fifteen percent (15%) of the Oklahoma adjusted gross
4 income or One Thousand Dollars (\$1,000.00), but not to
5 exceed Two Thousand Dollars (\$2,000.00), except that
6 in the case of a married individual filing a separate
7 return such deduction shall be the larger of fifteen
8 percent (15%) of such Oklahoma adjusted gross income
9 or Five Hundred Dollars (\$500.00), but not to exceed
10 the maximum amount of One Thousand Dollars
11 (\$1,000.00).

12 b. For taxable years beginning on or after January 1,
13 2006, and before January 1, 2007, in the case of
14 individuals who use the standard deduction in
15 determining taxable income, there shall be added or
16 deducted, as the case may be, the difference necessary
17 to allow a standard deduction in lieu of the standard
18 deduction allowed by the Internal Revenue Code, in an
19 amount equal to:

- 20 (1) Three Thousand Dollars (\$3,000.00), if the filing
21 status is married filing joint, head of household
22 or qualifying widow; or
23 (2) Two Thousand Dollars (\$2,000.00), if the filing
24 status is single or married filing separate.

1 c. For the taxable year beginning on January 1, 2007, and
2 ending December 31, 2007, in the case of individuals
3 who use the standard deduction in determining taxable
4 income, there shall be added or deducted, as the case
5 may be, the difference necessary to allow a standard
6 deduction in lieu of the standard deduction allowed by
7 the Internal Revenue Code, in an amount equal to:

8 (1) Five Thousand Five Hundred Dollars (\$5,500.00),
9 if the filing status is married filing joint or
10 qualifying widow; or

11 (2) Four Thousand One Hundred Twenty-five Dollars
12 (\$4,125.00) for a head of household; or

13 (3) Two Thousand Seven Hundred Fifty Dollars
14 (\$2,750.00), if the filing status is single or
15 married filing separate.

16 d. For the taxable year beginning on January 1, 2008, and
17 ending December 31, 2008, in the case of individuals
18 who use the standard deduction in determining taxable
19 income, there shall be added or deducted, as the case
20 may be, the difference necessary to allow a standard
21 deduction in lieu of the standard deduction allowed by
22 the Internal Revenue Code, in an amount equal to:

1 (1) Six Thousand Five Hundred Dollars (\$6,500.00), if
2 the filing status is married filing joint or
3 qualifying widow, or

4 (2) Four Thousand Eight Hundred Seventy-five Dollars
5 (\$4,875.00) for a head of household, or

6 (3) Three Thousand Two Hundred Fifty Dollars
7 (\$3,250.00), if the filing status is single or
8 married filing separate.

9 e. For the taxable year beginning on January 1, 2009, and
10 ending December 31, 2009, in the case of individuals
11 who use the standard deduction in determining taxable
12 income, there shall be added or deducted, as the case
13 may be, the difference necessary to allow a standard
14 deduction in lieu of the standard deduction allowed by
15 the Internal Revenue Code, in an amount equal to:

16 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),
17 if the filing status is married filing joint or
18 qualifying widow, or

19 (2) Six Thousand Three Hundred Seventy-five Dollars
20 (\$6,375.00) for a head of household, or

21 (3) Four Thousand Two Hundred Fifty Dollars
22 (\$4,250.00), if the filing status is single or
23 married filing separate.
24

Oklahoma adjusted gross income shall be increased by any amounts paid for motor vehicle excise taxes which were deducted as allowed by the Internal Revenue Code.

f. For taxable years beginning on or after January 1, 2010, and ending on December 31, 2016, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction equal to the standard deduction allowed by the Internal Revenue Code of 1986, as amended, based upon the amount and filing status prescribed by such Code for purposes of filing federal individual income tax returns.

g. For taxable years beginning on or after January 1, 2017, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code of 1986, as amended, as follows:

(1) Six Thousand Three Hundred Fifty Dollars (\$6,350.00) for single or married filing separately,

- 1 (2) Twelve Thousand Seven Hundred Dollars
2 (\$12,700.00) for married filing jointly or
3 qualifying widower with dependent child, and
4 (3) Nine Thousand Three Hundred Fifty Dollars
5 (\$9,350.00) for head of household.

6 3. In the case of resident and part-year resident individuals
7 having adjusted gross income from sources both within and without
8 the state, the itemized or standard deductions and personal
9 exemptions shall be reduced to an amount which is the same portion
10 of the total thereof as Oklahoma adjusted gross income is of
11 adjusted gross income. To the extent itemized deductions include
12 allowable moving expense, proration of moving expense shall not be
13 required or permitted but allowable moving expense shall be fully
14 deductible for those taxpayers moving within or into Oklahoma and no
15 part of moving expense shall be deductible for those taxpayers
16 moving without or out of Oklahoma. All other itemized or standard
17 deductions and personal exemptions shall be subject to proration as
18 provided by law.

19 4. A resident individual with a physical disability
20 constituting a substantial handicap to employment may deduct from
21 Oklahoma adjusted gross income such expenditures to modify a motor
22 vehicle, home or workplace as are necessary to compensate for his or
23 her handicap. A veteran certified by the Department of Veterans
24 Affairs of the federal government as having a service-connected

1 disability shall be conclusively presumed to be an individual with a
2 physical disability constituting a substantial handicap to
3 employment. The Tax Commission shall promulgate rules containing a
4 list of combinations of common disabilities and modifications which
5 may be presumed to qualify for this deduction. The Tax Commission
6 shall prescribe necessary requirements for verification.

7 5. a. Before July 1, 2010, the first One Thousand Five
8 Hundred Dollars (\$1,500.00) received by any person
9 from the United States as salary or compensation in
10 any form, other than retirement benefits, as a member
11 of any component of the Armed Forces of the United
12 States shall be deducted from taxable income.

13 b. On or after July 1, 2010, one hundred percent (100%)
14 of the income received by any person from the United
15 States as salary or compensation in any form, other
16 than retirement benefits, as a member of any component
17 of the Armed Forces of the United States shall be
18 deducted from taxable income.

19 c. Whenever the filing of a timely income tax return by a
20 member of the Armed Forces of the United States is
21 made impracticable or impossible of accomplishment by
22 reason of:

- 1 (1) absence from the United States, which term
2 includes only the states and the District of
3 Columbia;
4 (2) absence from the State of Oklahoma while on
5 active duty; or
6 (3) confinement in a hospital within the United
7 States for treatment of wounds, injuries or
8 disease,

9 the time for filing a return and paying an income tax shall
10 be and is hereby extended without incurring liability for
11 interest or penalties, to the fifteenth day of the third
12 month following the month in which:

- 13 (a) Such individual shall return to the United
14 States if the extension is granted pursuant
15 to subparagraph a of this paragraph, return
16 to the State of Oklahoma if the extension is
17 granted pursuant to subparagraph b of this
18 paragraph or be discharged from such
19 hospital if the extension is granted
20 pursuant to subparagraph c of this
21 paragraph; or
22 (b) An executor, administrator, or conservator
23 of the estate of the taxpayer is appointed,
24 whichever event occurs the earliest.

1 Provided, that the Tax Commission may, in its discretion, grant
2 any member of the Armed Forces of the United States an extension of
3 time for filing of income tax returns and payment of income tax
4 without incurring liabilities for interest or penalties. Such
5 extension may be granted only when in the judgment of the Tax
6 Commission a good cause exists therefor and may be for a period in
7 excess of six (6) months. A record of every such extension granted,
8 and the reason therefor, shall be kept.

9 6. Before July 1, 2010, the salary or any other form of
10 compensation, received from the United States by a member of any
11 component of the Armed Forces of the United States, shall be
12 deducted from taxable income during the time in which the person is
13 detained by the enemy in a conflict, is a prisoner of war or is
14 missing in action and not deceased; provided, after July 1, 2010,
15 all such salary or compensation shall be subject to the deduction as
16 provided pursuant to paragraph 5 of this subsection.

17 7. a. An individual taxpayer, whether resident or
18 nonresident, may deduct an amount equal to the federal
19 income taxes paid by the taxpayer during the taxable
20 year.

21 b. Federal taxes as described in subparagraph a of this
22 paragraph shall be deductible by any individual
23 taxpayer, whether resident or nonresident, only to the
24 extent they relate to income subject to taxation

1 pursuant to the provisions of the Oklahoma Income Tax
2 Act. The maximum amount allowable in the preceding
3 paragraph shall be prorated on the ratio of the
4 Oklahoma adjusted gross income to federal adjusted
5 gross income.

6 c. For the purpose of this paragraph, "federal income
7 taxes paid" shall mean federal income taxes, surtaxes
8 imposed on incomes or excess profits taxes, as though
9 the taxpayer was on the accrual basis. In determining
10 the amount of deduction for federal income taxes for
11 tax year 2001, the amount of the deduction shall not
12 be adjusted by the amount of any accelerated ten
13 percent (10%) tax rate bracket credit or advanced
14 refund of the credit received during the tax year
15 provided pursuant to the federal Economic Growth and
16 Tax Relief Reconciliation Act of 2001, P.L. No. 107-
17 16, and the advanced refund of such credit shall not
18 be subject to taxation.

19 d. The provisions of this paragraph shall apply to all
20 taxable years ending after December 31, 1978, and
21 beginning before January 1, 2006.

22 8. Retirement benefits not to exceed Five Thousand Five Hundred
23 Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five
24 Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand

1 Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax
2 years, which are received by an individual from the civil service of
3 the United States, the Oklahoma Public Employees Retirement System,
4 the Teachers' Retirement System of Oklahoma, the Oklahoma Law
5 Enforcement Retirement System, the Oklahoma Firefighters Pension and
6 Retirement System, the Oklahoma Police Pension and Retirement
7 System, the employee retirement systems created by counties pursuant
8 to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the
9 Uniform Retirement System for Justices and Judges, the Oklahoma
10 Wildlife Conservation Department Retirement Fund, the Oklahoma
11 Employment Security Commission Retirement Plan, or the employee
12 retirement systems created by municipalities pursuant to Section 48-
13 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt
14 from taxable income.

15 9. In taxable years beginning after December 31, 1984, Social
16 Security benefits received by an individual shall be exempt from
17 taxable income, to the extent such benefits are included in the
18 federal adjusted gross income pursuant to the provisions of Section
19 86 of the Internal Revenue Code, 26 U.S.C., Section 86.

20 10. For taxable years beginning after December 31, 1994, lump-
21 sum distributions from employer plans of deferred compensation,
22 which are not qualified plans within the meaning of Section 401(a)
23 of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which
24 are deposited in and accounted for within a separate bank account or

1 brokerage account in a financial institution within this state,
2 shall be excluded from taxable income in the same manner as a
3 qualifying rollover contribution to an individual retirement account
4 within the meaning of Section 408 of the Internal Revenue Code, 26
5 U.S.C., Section 408. Amounts withdrawn from such bank or brokerage
6 account, including any earnings thereon, shall be included in
7 taxable income when withdrawn in the same manner as withdrawals from
8 individual retirement accounts within the meaning of Section 408 of
9 the Internal Revenue Code.

10 11. In taxable years beginning after December 31, 1995,
11 contributions made to and interest received from a medical savings
12 account established pursuant to Sections 2621 through 2623 of Title
13 63 of the Oklahoma Statutes shall be exempt from taxable income.

14 12. For taxable years beginning after December 31, 1996, the
15 Oklahoma adjusted gross income of any individual taxpayer who is a
16 swine or poultry producer may be further adjusted for the deduction
17 for depreciation allowed for new construction or expansion costs
18 which may be computed using the same depreciation method elected for
19 federal income tax purposes except that the useful life shall be
20 seven (7) years for purposes of this paragraph. If depreciation is
21 allowed as a deduction in determining the adjusted gross income of
22 an individual, any depreciation calculated and claimed pursuant to
23 this section shall in no event be a duplication of any depreciation
24

1 allowed or permitted on the federal income tax return of the
2 individual.

3 13. a. In taxable years beginning after December 31, 2002,
4 nonrecurring adoption expenses paid by a resident
5 individual taxpayer in connection with:

6 (1) the adoption of a minor, or

7 (2) a proposed adoption of a minor which did not
8 result in a decreed adoption,

9 may be deducted from the Oklahoma adjusted gross
10 income.

11 b. The deductions for adoptions and proposed adoptions
12 authorized by this paragraph shall not exceed Twenty
13 Thousand Dollars (\$20,000.00) per calendar year.

14 c. The Tax Commission shall promulgate rules to implement
15 the provisions of this paragraph which shall contain a
16 specific list of nonrecurring adoption expenses which
17 may be presumed to qualify for the deduction. The Tax
18 Commission shall prescribe necessary requirements for
19 verification.

20 d. "Nonrecurring adoption expenses" means adoption fees,
21 court costs, medical expenses, attorney fees and
22 expenses which are directly related to the legal
23 process of adoption of a child including, but not
24 limited to, costs relating to the adoption study,

1 health and psychological examinations, transportation
2 and reasonable costs of lodging and food for the child
3 or adoptive parents which are incurred to complete the
4 adoption process and are not reimbursed by other
5 sources. The term "nonrecurring adoption expenses"
6 shall not include attorney fees incurred for the
7 purpose of litigating a contested adoption, from and
8 after the point of the initiation of the contest,
9 costs associated with physical remodeling, renovation
10 and alteration of the adoptive parents' home or
11 property, except for a special needs child as
12 authorized by the court.

- 13 14. a. In taxable years beginning before January 1, 2005,
14 retirement benefits not to exceed the amounts
15 specified in this paragraph, which are received by an
16 individual sixty-five (65) years of age or older and
17 whose Oklahoma adjusted gross income is Twenty-five
18 Thousand Dollars (\$25,000.00) or less if the filing
19 status is single, head of household, or married filing
20 separate, or Fifty Thousand Dollars (\$50,000.00) or
21 less if the filing status is married filing joint or
22 qualifying widow, shall be exempt from taxable income.
23 In taxable years beginning after December 31, 2004,
24 retirement benefits not to exceed the amounts

1 specified in this paragraph, which are received by an
2 individual whose Oklahoma adjusted gross income is
3 less than the qualifying amount specified in this
4 paragraph, shall be exempt from taxable income.

5 b. For purposes of this paragraph, the qualifying amount
6 shall be as follows:

- 7 (1) in taxable years beginning after December 31,
8 2004, and prior to January 1, 2007, the
9 qualifying amount shall be Thirty-seven Thousand
10 Five Hundred Dollars (\$37,500.00) or less if the
11 filing status is single, head of household, or
12 married filing separate, or Seventy-five Thousand
13 Dollars (\$75,000.00) or less if the filing status
14 is married filing jointly or qualifying widow,
- 15 (2) in the taxable year beginning January 1, 2007,
16 the qualifying amount shall be Fifty Thousand
17 Dollars (\$50,000.00) or less if the filing status
18 is single, head of household, or married filing
19 separate, or One Hundred Thousand Dollars
20 (\$100,000.00) or less if the filing status is
21 married filing jointly or qualifying widow,
- 22 (3) in the taxable year beginning January 1, 2008,
23 the qualifying amount shall be Sixty-two Thousand
24 Five Hundred Dollars (\$62,500.00) or less if the

1 filing status is single, head of household, or
2 married filing separate, or One Hundred Twenty-
3 five Thousand Dollars (\$125,000.00) or less if
4 the filing status is married filing jointly or
5 qualifying widow,

6 (4) in the taxable year beginning January 1, 2009,
7 the qualifying amount shall be One Hundred
8 Thousand Dollars (\$100,000.00) or less if the
9 filing status is single, head of household, or
10 married filing separate, or Two Hundred Thousand
11 Dollars (\$200,000.00) or less if the filing
12 status is married filing jointly or qualifying
13 widow, and

14 (5) in the taxable year beginning January 1, 2010,
15 and subsequent taxable years, there shall be no
16 limitation upon the qualifying amount.

17 c. For purposes of this paragraph, "retirement benefits"
18 means the total distributions or withdrawals from the
19 following:

20 (1) an employee pension benefit plan which satisfies
21 the requirements of Section 401 of the Internal
22 Revenue Code, 26 U.S.C., Section 401,
23
24

- (2) an eligible deferred compensation plan that satisfies the requirements of Section 457 of the Internal Revenue Code, 26 U.S.C., Section 457,
- (3) an individual retirement account, annuity or trust or simplified employee pension that satisfies the requirements of Section 408 of the Internal Revenue Code, 26 U.S.C., Section 408,
- (4) an employee annuity subject to the provisions of Section 403(a) or (b) of the Internal Revenue Code, 26 U.S.C., Section 403(a) or (b),
- (5) United States Retirement Bonds which satisfy the requirements of Section 86 of the Internal Revenue Code, 26 U.S.C., Section 86, or
- (6) lump-sum distributions from a retirement plan which satisfies the requirements of Section 402(e) of the Internal Revenue Code, 26 U.S.C., Section 402(e).

d. The amount of the exemption provided by this paragraph shall be limited to Five Thousand Five Hundred Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand Dollars (\$10,000.00) for the tax year 2006 and for all subsequent tax years. Any individual who claims the exemption provided for in paragraph 8

1 of this subsection shall not be permitted to claim a
2 combined total exemption pursuant to this paragraph
3 and paragraph 8 of this subsection in an amount
4 exceeding Five Thousand Five Hundred Dollars
5 (\$5,500.00) for the 2004 tax year, Seven Thousand Five
6 Hundred Dollars (\$7,500.00) for the 2005 tax year and
7 Ten Thousand Dollars (\$10,000.00) for the 2006 tax
8 year and all subsequent tax years.

9 15. In taxable years beginning after December 31, 1999, for an
10 individual engaged in production agriculture who has filed a
11 Schedule F form with the taxpayer's federal income tax return for
12 such taxable year, there shall be excluded from taxable income any
13 amount which was included as federal taxable income or federal
14 adjusted gross income and which consists of the discharge of an
15 obligation by a creditor of the taxpayer incurred to finance the
16 production of agricultural products.

17 16. In taxable years beginning December 31, 2000, an amount
18 equal to one hundred percent (100%) of the amount of any scholarship
19 or stipend received from participation in the Oklahoma Police Corps
20 Program, as established in Section 2-140.3 of Title 47 of the
21 Oklahoma Statutes shall be exempt from taxable income.

22 17. a. In taxable years beginning after December 31, 2001,
23 and before January 1, 2005, there shall be allowed a
24 deduction in the amount of contributions to accounts

1 established pursuant to the Oklahoma College Savings
2 Plan Act. The deduction shall equal the amount of
3 contributions to accounts, but in no event shall the
4 deduction for each contributor exceed Two Thousand
5 Five Hundred Dollars (\$2,500.00) each taxable year for
6 each account.

- 7 b. In taxable years beginning after December 31, 2004,
8 each taxpayer shall be allowed a deduction for
9 contributions to accounts established pursuant to the
10 Oklahoma College Savings Plan Act. The maximum annual
11 deduction shall equal the amount of contributions to
12 all such accounts plus any contributions to such
13 accounts by the taxpayer for prior taxable years after
14 December 31, 2004, which were not deducted, but in no
15 event shall the deduction for each tax year exceed Ten
16 Thousand Dollars (\$10,000.00) for each individual
17 taxpayer or Twenty Thousand Dollars (\$20,000.00) for
18 taxpayers filing a joint return. Any amount of a
19 contribution that is not deducted by the taxpayer in
20 the year for which the contribution is made may be
21 carried forward as a deduction from income for the
22 succeeding five (5) years. For taxable years
23 beginning after December 31, 2005, deductions may be
24 taken for contributions and rollovers made during a

1 taxable year and up to April 15 of the succeeding
2 year, or the due date of a taxpayer's state income tax
3 return, excluding extensions, whichever is later.

4 Provided, a deduction for the same contribution may
5 not be taken for two (2) different taxable years.

6 c. In taxable years beginning after December 31, 2006,
7 deductions for contributions made pursuant to
8 subparagraph b of this paragraph shall be limited as
9 follows:

10 (1) for a taxpayer who qualified for the five-year
11 carryforward election and who takes a rollover or
12 nonqualified withdrawal during that period, the
13 tax deduction otherwise available pursuant to
14 subparagraph b of this paragraph shall be reduced
15 by the amount which is equal to the rollover or
16 nonqualified withdrawal, and

17 (2) for a taxpayer who elects to take a rollover or
18 nonqualified withdrawal within the same tax year
19 in which a contribution was made to the
20 taxpayer's account, the tax deduction otherwise
21 available pursuant to subparagraph b of this
22 paragraph shall be reduced by the amount of the
23 contribution which is equal to the rollover or
24 nonqualified withdrawal.

1 d. If a taxpayer elects to take a rollover on a
2 contribution for which a deduction has been taken
3 pursuant to subparagraph b of this paragraph within
4 one (1) year of the date of contribution, the amount
5 of such rollover shall be included in the adjusted
6 gross income of the taxpayer in the taxable year of
7 the rollover.

8 e. If a taxpayer makes a nonqualified withdrawal of
9 contributions for which a deduction was taken pursuant
10 to subparagraph b of this paragraph, such nonqualified
11 withdrawal and any earnings thereon shall be included
12 in the adjusted gross income of the taxpayer in the
13 taxable year of the nonqualified withdrawal.

14 f. As used in this paragraph:

15 (1) "non-qualified withdrawal" means a withdrawal
16 from an Oklahoma College Savings Plan account
17 other than one of the following:

18 (a) a qualified withdrawal,

19 (b) a withdrawal made as a result of the death
20 or disability of the designated beneficiary
21 of an account,

22 (c) a withdrawal that is made on the account of
23 a scholarship or the allowance or payment
24 described in Section 135(d)(1)(B) or (C) or

1 by the Internal Revenue Code, received by
2 the designated beneficiary to the extent the
3 amount of the refund does not exceed the
4 amount of the scholarship, allowance, or
5 payment, or

6 (d) a rollover or change of designated
7 beneficiary as permitted by subsection F of
8 Section 3970.7 of Title 70 of Oklahoma
9 Statutes, and

10 (2) "rollover" means the transfer of funds from the
11 Oklahoma College Savings Plan to any other plan
12 under Section 529 of the Internal Revenue Code.

13 18. For taxable years beginning after December 31, 2005,
14 retirement benefits received by an individual from any component of
15 the Armed Forces of the United States in an amount not to exceed the
16 greater of seventy-five percent (75%) of such benefits or Ten
17 Thousand Dollars (\$10,000.00) shall be exempt from taxable income
18 but in no case less than the amount of the exemption provided by
19 paragraph 14 of this subsection.

20 19. For taxable years beginning after December 31, 2006,
21 retirement benefits received by federal civil service retirees,
22 including survivor annuities, paid in lieu of Social Security
23 benefits shall be exempt from taxable income to the extent such
24 benefits are included in the federal adjusted gross income pursuant

1 to the provisions of Section 86 of the Internal Revenue Code, 26
2 U.S.C., Section 86, according to the following schedule:

- 3 a. in the taxable year beginning January 1, 2007, twenty
4 percent (20%) of such benefits shall be exempt,
- 5 b. in the taxable year beginning January 1, 2008, forty
6 percent (40%) of such benefits shall be exempt,
- 7 c. in the taxable year beginning January 1, 2009, sixty
8 percent (60%) of such benefits shall be exempt,
- 9 d. in the taxable year beginning January 1, 2010, eighty
10 percent (80%) of such benefits shall be exempt, and
- 11 e. in the taxable year beginning January 1, 2011, and
12 subsequent taxable years, one hundred percent (100%)
13 of such benefits shall be exempt.

14 20. a. For taxable years beginning after December 31, 2007, a
15 resident individual may deduct up to Ten Thousand
16 Dollars (\$10,000.00) from Oklahoma adjusted gross
17 income if the individual, or the dependent of the
18 individual, while living, donates one or more human
19 organs of the individual to another human being for
20 human organ transplantation. As used in this
21 paragraph, "human organ" means all or part of a liver,
22 pancreas, kidney, intestine, lung, or bone marrow. A
23 deduction that is claimed under this paragraph may be
24

1 claimed in the taxable year in which the human organ
2 transplantation occurs.

3 b. An individual may claim this deduction only once, and
4 the deduction may be claimed only for unreimbursed
5 expenses that are incurred by the individual and
6 related to the organ donation of the individual.

7 c. The Oklahoma Tax Commission shall promulgate rules to
8 implement the provisions of this paragraph which shall
9 contain a specific list of expenses which may be
10 presumed to qualify for the deduction. The Tax
11 Commission shall prescribe necessary requirements for
12 verification.

13 21. For taxable years beginning after December 31, 2009, there
14 shall be exempt from taxable income any amount received by the
15 beneficiary of the death benefit for an emergency medical technician
16 or a registered emergency medical responder provided by Section 1-
17 2505.1 of Title 63 of the Oklahoma Statutes.

18 22. For taxable years beginning after December 31, 2008,
19 taxable income shall be increased by any unemployment compensation
20 exempted under Section 85 (c) of the Internal Revenue Code, 26
21 U.S.C., Section 85(c) (2009) .

22 23. For taxable years beginning after December 31, 2008, there
23 shall be exempt from taxable income any payment in an amount less
24 than Six Hundred Dollars (\$600.00) received by a person as an award

1 for participation in a competitive livestock show event. For
2 purposes of this paragraph, the payment shall be treated as a
3 scholarship amount paid by the entity sponsoring the event and the
4 sponsoring entity shall cause the payment to be categorized as a
5 scholarship in its books and records.

6 24. For taxable years beginning on or after January 1, 2016,
7 taxable income shall be increased by any amount of state and local
8 sales or income taxes deducted under 26 U.S.C., Section 164 of the
9 Internal Revenue Code. If the amount of state and local taxes
10 deducted on the federal return is limited, taxable income on the
11 state return shall be increased only by the amount actually deducted
12 after any such limitations are applied.

13 F. 1. For taxable years beginning after December 31, 2004, a
14 deduction from the Oklahoma adjusted gross income of any individual
15 taxpayer shall be allowed for qualifying gains receiving capital
16 treatment that are included in the federal adjusted gross income of
17 such individual taxpayer during the taxable year.

18 2. As used in this subsection:

19 a. "qualifying gains receiving capital treatment" means
20 the amount of net capital gains, as defined in Section
21 1222(11) of the Internal Revenue Code, included in an
22 individual taxpayer's federal income tax return that
23 result from:
24

- 1 (1) the sale of real property or tangible personal
2 property located within Oklahoma that has been
3 directly or indirectly owned by the individual
4 taxpayer for a holding period of at least five
5 (5) years prior to the date of the transaction
6 from which such net capital gains arise,
- 7 (2) the sale of stock or the sale of a direct or
8 indirect ownership interest in an Oklahoma
9 company, limited liability company, or
10 partnership where such stock or ownership
11 interest has been directly or indirectly owned by
12 the individual taxpayer for a holding period of
13 at least two (2) years prior to the date of the
14 transaction from which the net capital gains
15 arise, or
- 16 (3) the sale of real property, tangible personal
17 property or intangible personal property located
18 within Oklahoma as part of the sale of all or
19 substantially all of the assets of an Oklahoma
20 company, limited liability company, or
21 partnership or an Oklahoma proprietorship
22 business enterprise where such property has been
23 directly or indirectly owned by such entity or
24 business enterprise or owned by the owners of

1 such entity or business enterprise for a period
2 of at least two (2) years prior to the date of
3 the transaction from which the net capital gains
4 arise,

5 b. "holding period" means an uninterrupted period of
6 time. The holding period shall include any additional
7 period when the property was held by another
8 individual or entity, if such additional period is
9 included in the taxpayer's holding period for the
10 asset pursuant to the Internal Revenue Code,

11 c. "Oklahoma company," "limited liability company," or
12 "partnership" means an entity whose primary
13 headquarters have been located in Oklahoma for at
14 least three (3) uninterrupted years prior to the date
15 of the transaction from which the net capital gains
16 arise,

17 d. "direct" means the individual taxpayer directly owns
18 the asset,

19 e. "indirect" means the individual taxpayer owns an
20 interest in a pass-through entity (or chain of pass-
21 through entities) that sells the asset that gives rise
22 to the qualifying gains receiving capital treatment.

23 (1) With respect to sales of real property or
24 tangible personal property located within

Oklahoma, the deduction described in this subsection shall not apply unless the pass-through entity that makes the sale has held the property for not less than five (5) uninterrupted years prior to the date of the transaction that created the capital gain, and each pass-through entity included in the chain of ownership has been a member, partner, or shareholder of the pass-through entity in the tier immediately below it for an uninterrupted period of not less than five (5) years.

- (2) With respect to sales of stock or ownership interest in or sales of all or substantially all of the assets of an Oklahoma company, limited liability company, partnership or Oklahoma proprietorship business enterprise, the deduction described in this subsection shall not apply unless the pass-through entity that makes the sale has held the stock or ownership interest for not less than two (2) uninterrupted years prior to the date of the transaction that created the capital gain, and each pass-through entity included in the chain of ownership has been a member, partner or shareholder of the pass-

1 through entity in the tier immediately below it
2 for an uninterrupted period of not less than two
3 (2) years. For purposes of this division,
4 uninterrupted ownership prior to July 1, 2007,
5 shall be included in the determination of the
6 required holding period prescribed by this
7 division, and

8 f. "Oklahoma proprietorship business enterprise" means a
9 business enterprise whose income and expenses have
10 been reported on Schedule C or F of an individual
11 taxpayer's federal income tax return, or any similar
12 successor schedule published by the Internal Revenue
13 Service and whose primary headquarters have been
14 located in Oklahoma for at least three (3)
15 uninterrupted years prior to the date of the
16 transaction from which the net capital gains arise.

17 G. 1. For purposes of computing its Oklahoma taxable income
18 under this section, the dividends-paid deduction otherwise allowed
19 by federal law in computing net income of a real estate investment
20 trust that is subject to federal income tax shall be added back in
21 computing the tax imposed by this state under this title if the real
22 estate investment trust is a captive real estate investment trust.

23 2. For purposes of computing its Oklahoma taxable income under
24 this section, a taxpayer shall add back otherwise deductible rents

1 and interest expenses paid to a captive real estate investment trust
2 that is not subject to the provisions of paragraph 1 of this
3 subsection. As used in this subsection:

4 a. the term "real estate investment trust" or "REIT"
5 means the meaning ascribed to such term in Section 856
6 of the Internal Revenue Code of 1986, as amended,

7 b. the term "captive real estate investment trust" means
8 a real estate investment trust, the shares or
9 beneficial interests of which are not regularly traded
10 on an established securities market and more than
11 fifty percent (50%) of the voting power or value of
12 the beneficial interests or shares of which are owned
13 or controlled, directly or indirectly, or
14 constructively, by a single entity that is:

15 (1) treated as an association taxable as a
16 corporation under the Internal Revenue Code of
17 1986, as amended, and

18 (2) not exempt from federal income tax pursuant to
19 the provisions of Section 501(a) of the Internal
20 Revenue Code of 1986, as amended.

21 The term shall not include a real estate investment
22 trust that is intended to be regularly traded on an
23 established securities market, and that satisfies the
24 requirements of Section 856(a)(5) and (6) of the U.S.

1 Internal Revenue Code by reason of Section 856(h) (2)
2 of the Internal Revenue Code,

3 c. the term "association taxable as a corporation" shall
4 not include the following entities:

5 (1) any real estate investment trust as defined in
6 paragraph a of this subsection other than a
7 "captive real estate investment trust", or

8 (2) any qualified real estate investment trust
9 subsidiary under Section 856(i) of the Internal
10 Revenue Code of 1986, as amended, other than a
11 qualified REIT subsidiary of a "captive real
12 estate investment trust", or

13 (3) any Listed Australian Property Trust (meaning an
14 Australian unit trust registered as a "Managed
15 Investment Scheme" under the Australian
16 Corporations Act in which the principal class of
17 units is listed on a recognized stock exchange in
18 Australia and is regularly traded on an
19 established securities market), or an entity
20 organized as a trust, provided that a Listed
21 Australian Property Trust owns or controls,
22 directly or indirectly, seventy-five percent
23 (75%) or more of the voting power or value of the
24 beneficial interests or shares of such trust, or

1 (4) any Qualified Foreign Entity, meaning a
2 corporation, trust, association or partnership
3 organized outside the laws of the United States
4 and which satisfies the following criteria:

5 (a) at least seventy-five percent (75%) of the
6 entity's total asset value at the close of
7 its taxable year is represented by real
8 estate assets, as defined in Section
9 856(c)(5)(B) of the Internal Revenue Code of
10 1986, as amended, thereby including shares
11 or certificates of beneficial interest in
12 any real estate investment trust, cash and
13 cash equivalents, and U.S. Government
14 securities,

15 (b) the entity receives a dividend-paid
16 deduction comparable to Section 561 of the
17 Internal Revenue Code of 1986, as amended,
18 or is exempt from entity level tax,

19 (c) the entity is required to distribute at
20 least eighty-five percent (85%) of its
21 taxable income, as computed in the
22 jurisdiction in which it is organized, to
23 the holders of its shares or certificates of
24 beneficial interest on an annual basis,

- (d) not more than ten percent (10%) of the voting power or value in such entity is held directly or indirectly or constructively by a single entity or individual, or the shares or beneficial interests of such entity are regularly traded on an established securities market, and
- (e) the entity is organized in a country which has a tax treaty with the United States.

3. For purposes of this subsection, the constructive ownership rules of Section 318(a) of the Internal Revenue Code of 1986, as amended, as modified by Section 856(d)(5) of the Internal Revenue Code of 1986, as amended, shall apply in determining the ownership of stock, assets, or net profits of any person.

4. A real estate investment trust that does not become regularly traded on an established securities market within one (1) year of the date on which it first becomes a real estate investment trust shall be deemed not to have been regularly traded on an established securities market, retroactive to the date it first became a real estate investment trust, and shall file an amended return reflecting such retroactive designation for any tax year or part year occurring during its initial year of status as a real estate investment trust. For purposes of this subsection, a real estate investment trust becomes a real estate investment trust on

1 the first day it has both met the requirements of Section 856 of the
2 Internal Revenue Code and has elected to be treated as a real estate
3 investment trust pursuant to Section 856(c)(1) of the Internal
4 Revenue Code.

5 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2368, as
6 amended by Section 2, Chapter 28, O.S.L. 2016 (68 O.S. Supp. 2016,
7 Section 2368), is amended to read as follows:

8 Section 2368. A. ~~The~~ For tax years ending before January 1,
9 2017, the following individuals shall each make a return stating
10 specifically the taxable income and, where necessary, the adjusted
11 gross income and the adjustments provided in Section 2351 et seq. of
12 this title to arrive at Oklahoma taxable income and, where
13 necessary, Oklahoma adjusted gross income:

14 1. Every resident individual having a gross income, or gross
15 receipts, for the taxable year in an amount sufficient to require
16 the filing of a federal income tax return, if single, or if married
17 and not living with husband or wife; and

18 2. Every resident individual having a gross income, or gross
19 receipts, for the taxable year in an amount sufficient to require
20 the filing of a federal income tax return, if married and living
21 with husband or wife.

22 Provided however, every resident individual who does not meet
23 the requirements sufficient to file a federal return, but has
24 Oklahoma withholding, may file a claim for refund for all Oklahoma

1 income taxes withheld and shall not be subject to the provisions of
2 Section 2358 of this title; and

3 3. Every nonresident individual having Oklahoma gross income
4 for the taxable year of One Thousand Dollars (\$1,000.00) or more.

5 B. If a husband and wife, living together, have an aggregate
6 gross income or gross receipts, for such year, in an amount
7 sufficient to require the filing of a federal income tax return:

8 1. Each shall make a return; or

9 2. The income of each shall be included in a single joint
10 return, in which case the tax shall be computed on the aggregate net
11 income.

12 C. 1. For tax years beginning on or after January 1, 2017,
13 every resident individual whose gross income from both within and
14 outside of Oklahoma exceeds the sum of the standard deduction and
15 personal exemption allowed in Section 2358 of this title shall file
16 an Oklahoma income tax return. Resident individuals not required to
17 file a federal income tax return must attach a completed federal
18 income tax return to the Oklahoma income tax return to show how
19 adjusted gross income and deductions were determined, if their gross
20 income is more than their adjusted gross income. The Oklahoma
21 income tax return must show the taxable income and, where necessary,
22 the adjusted gross income and modifications required by Section 2351
23 et seq. of this title, and any other information the Tax Commission
24 may require.

1 2. Every nonresident individual having Oklahoma gross income
2 for the taxable year of One Thousand Dollars (\$1,000.00) or more
3 shall file an Oklahoma income tax return.

4 D. If an individual is unable to make his or her own return,
5 the return shall be made by a duly authorized agent or by the
6 guardian or other person charged with the care of the person or
7 property of such individual.

8 ~~D.~~ E. Every partnership shall make a return for each taxable
9 year, stating the taxable income and the adjustments to arrive at
10 Oklahoma income. The Oklahoma return shall include a schedule
11 showing the distribution to partners of the various items of income
12 as per the federal return and the adjustments required by Section
13 2351 et seq. of this title for Oklahoma. The return shall be signed
14 by one of the partners. If a partnership has elected pursuant to
15 the provisions of Section 761 of the Internal Revenue Code, or any
16 provision comparable thereto, not to file partnership income tax
17 returns, that partnership shall not be required to file an Oklahoma
18 partnership return. The Oklahoma Tax Commission shall promulgate
19 rules for purposes of partnership returns when multiple partners
20 would otherwise be required to file a nonresident return. The rules
21 shall provide a specific number of partners in a partnership above
22 which a composite return may be filed. The return shall be in such
23 form as prescribed by the Tax Commission.

1 ~~E.~~ F. Every corporation shall make a return for each taxable
2 year stating the taxable income and the adjustments provided in
3 Section 2351 et seq. of this title to arrive at Oklahoma taxable
4 income. In addition, corporations electing subchapter S treatment
5 pursuant to the Internal Revenue Code and Section 2351 et seq. of
6 this title, shall include a schedule showing the distribution to
7 shareholders of the various items of income as per the federal
8 return and the adjustments for Oklahoma. All corporation returns
9 shall be signed by the president, vice president, or other principal
10 officer and the corporate seal impressed. In cases where receivers,
11 trustees in bankruptcy, or assignees are operating the property or
12 business of corporations, such receivers, trustees, or assignees
13 shall make a return for such corporations in the same manner and
14 form as corporations are required to make returns. Any tax due on
15 the basis of such returns made by receivers, trustees, or assignees
16 shall be collected in the same manner as if collected from the
17 corporations of whose business or property they have custody and
18 control.

19 ~~F.~~ G. Every resident estate and trust shall make a return for
20 each taxable year stating the taxable income and the adjustments to
21 arrive at Oklahoma taxable income. Every nonresident estate or
22 trust having Oklahoma taxable income as provided in Section 2362 of
23 this title shall make a return for each taxable year stating the
24 taxable income and the adjustments to arrive at Oklahoma taxable

1 income. The Oklahoma return shall include a schedule showing the
2 distribution to beneficiaries, if any, of the various items of
3 income as per the federal return and the adjustments for Oklahoma.
4 The fiduciary shall be responsible for making the return and the
5 return shall be signed by the fiduciary, or by one fiduciary if
6 there is more than one. The Tax Commission shall promulgate rules
7 for purposes of estate and trust returns when multiple returns would
8 otherwise be required of nonresident beneficiaries of estates or
9 trusts. The return shall be in such form as prescribed by the Tax
10 Commission.

11 ~~G.~~ H. 1. All individual returns, except individual returns
12 filed electronically, made on the basis of the calendar year shall
13 be due on or before the fifteenth day of April following the close
14 of the taxable year. Provided, if the Internal Revenue Code
15 provides for a later due date for returns of individuals, the Tax
16 Commission shall accept returns filed by individuals by such date
17 and such returns shall be considered as timely filed.

18 2. All individual returns filed electronically, made on the
19 basis of the calendar year, shall be due on or before the twentieth
20 day of April following the close of the taxable year.

21 3. All individual returns made on the basis of a fiscal year
22 shall be due on or before the fifteenth day of the fourth month
23 following the close of the fiscal year.

24

1 4. For tax years beginning before January 1, 2016, calendar
2 year corporation returns shall be due on or before the fifteenth day
3 of March following the close of the taxable year. For tax years
4 beginning on or after January 1, 2016, calendar year corporation
5 returns shall be due no later than thirty (30) days after the due
6 date established under the Internal Revenue Code.

7 5. For tax years beginning before January 1, 2016, fiscal year
8 corporation returns shall be due on or before the fifteenth day of
9 the third month following the close of the fiscal year. For tax
10 years beginning on or after January 1, 2016, fiscal year corporation
11 returns shall be due no later than thirty (30) days after the due
12 date established under the Internal Revenue Code.

13 6. For tax years beginning before January 1, 2016, partnership
14 returns shall be due on or before the fifteenth day of April
15 following the close of the taxable year. For tax years beginning on
16 or after January 1, 2016, partnership returns shall be due no later
17 than thirty (30) days after the due date established under the
18 Internal Revenue Code.

19 7. All estate and trust returns made on the basis of the
20 calendar year shall be due on or before the fifteenth day of April
21 following the close of the taxable year. All estate and trust
22 returns made on the basis of a fiscal year shall be due on or before
23 the fifteenth day of the fourth month following the close of the
24 fiscal year.

1 8. In the case of complete liquidation, or the dissolution, of
2 a corporation the return of such corporation shall be made on or
3 before the fifteenth day of the fourth month following the month in
4 which the corporation is completely liquidated. A corporation which
5 has terminated its business activities, satisfied or made provision
6 for all of its liabilities or has distributed all of its assets,
7 even though not formally dissolved under state law, is deemed to
8 have completely liquidated for purposes of this subsection.

9 ~~H.~~ I. Returns by individuals, fiduciaries, partnerships,
10 corporations or any other person or entity required, or that may
11 hereafter be required to file a return, shall contain or be verified
12 by a written declaration that such return is made under the
13 penalties of perjury and the fact that any individual's name is
14 signed to a filed return shall be prima facie evidence for all
15 purposes that the return was actually signed by that individual.
16 Provided, the Tax Commission shall promulgate rules to provide
17 procedures for verification of signatures on returns which are filed
18 electronically.

19 ~~H.~~ J. Every return required by Section 2351 et seq. of this
20 title shall be in such form as the Tax Commission may, from time to
21 time, prescribe. Each return shall be filed with the Tax Commission
22 and forms shall be furnished by the Tax Commission on application
23 therefor, but failure to secure or receive the form of a return
24

1 prescribed shall not relieve any taxpayer from the obligation of
2 making and filing any return herein required.

3 SECTION 3. This act shall become effective January 1, 2017.
4

5 COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS
6 AND BUDGET, dated 04/27/2017 - DO PASS, As Amended.
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