

STATE OF OKLAHOMA

2nd Extraordinary Session of the 56th Legislature (2018)

HOUSE BILL 1037

By: Wallace of the House

and

Thompson of the Senate

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2011, Sections 2352, as last amended by Section 5, Chapter 337, O.S.L. 2016, 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 and 2358, as last amended by Section 1, Chapter 235, O.S.L. 2017 (68 O.S. Supp. 2017, Sections 2352, 2355 and 2358), which relate to income tax rates and apportionments, and adjustments to Oklahoma taxable income and adjusted gross income; modifying references; providing for income tax rates and brackets; specifying rates applicable based on filing status; providing for applicability of rates and brackets to certain income tax years; providing credit against income tax; specifying amount of tax credit based upon federal adjusted gross income amounts; prohibiting tax credit based upon amount of federal adjusted gross income in excess of specified amount; prohibiting use of tax credit to reduce income tax liability to less than zero; prohibiting carryover of income tax credit; modifying standard deduction amounts for certain tax years; imposing limitation upon total amount of itemized deductions; providing for inclusion of mortgage interest deduction in itemized deduction limit; providing for exclusion of charitable contribution amounts from itemized deduction limit; modifying provisions related to personal exemptions; modifying provisions related to deduction for certain expenses related to disability; modifying deduction for federal income taxes paid; modifying deduction related to medical savings account; modifying deduction related to expenses associated with

1 adoption; modifying deduction related to discharge of  
2 obligations incurred for purposes of agricultural  
3 production; modifying deduction related to Oklahoma  
4 Police Corps program scholarship or stipend;  
5 modifying deduction related to Oklahoma College  
6 Savings Plan Act; modifying deduction related to  
7 organ donation; modifying deduction related to death  
8 benefits paid based upon death of emergency medical  
9 technician or registered emergency medical responder;  
10 modifying deduction related to unemployment  
11 compensation; modifying deduction related to awards  
12 for participation in certain livestock shows;  
13 repealing Section 1, Chapter 352, O.S.L. 2013, as  
14 amended by Section 1, Chapter 412, O.S.L. 2014 (68  
15 O.S. Supp. 2017, Section 2358.5-1), which relates to  
16 deduction for foster care expenses; repealing 74 O.S.  
17 2011, Sections 5064.7, 5075 and 5078, which relate to  
18 certain income tax exemptions; providing for  
19 codification; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2352, as  
last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp.  
2017, Section 2352), is amended to read as follows:

Section 2352. It is hereby declared to be the purpose of  
Section 2351 et seq. of this title to provide revenue for general  
governmental functions of state government; and, for that purpose  
and to that end, it is expressly declared that the revenue derived  
herefrom and penalties and interest thereon, subject to the  
apportionment requirements for the Rebuilding Oklahoma Access and  
Driver Safety Fund, the Oklahoma Tourism and Passenger Rail  
Revolving Fund and the Public Transit Revolving Fund to be derived

1 from income tax revenue that would otherwise be apportioned to the  
2 General Revenue Fund as provided by Section 1521 of Title 69 of the  
3 Oklahoma Statutes, subject to the apportionment requirements for the  
4 Oklahoma Tax Commission and Office of Management and Enterprise  
5 Services Joint Computer Enhancement Fund provided by Section 265 of  
6 this title, and subject to the apportionment requirements for the  
7 Oklahoma State Capitol Building Repair and Restoration Fund provided  
8 by Section 19 of Title 73 of the Oklahoma Statutes, shall be  
9 distributed as follows:

10 1. For the fiscal year beginning July 1, 2002, the first Five  
11 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue  
12 derived pursuant to the provisions of subsections ~~A~~, B, C, D and ~~E~~ F  
13 of Section 2355 of this title shall be apportioned to the Education  
14 Reform Revolving Fund. The remainder of such revenue for the fiscal  
15 year beginning July 1, 2002, and all such revenue for each fiscal  
16 year thereafter shall be apportioned monthly as follows:

17 a. (1) the following amounts shall be paid to the State  
18 Treasurer to be placed to the credit of the  
19 General Revenue Fund of the state for such fiscal  
20 year for the support of the state government to  
21 be paid out only pursuant to appropriation by the  
22 Legislature:

23	Fiscal Year	Amount
24	FY 2003 and FY 2004	87.12%

FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 and each fiscal year thereafter	85.66%

(2) in the event that additional monies are necessary pursuant to paragraph 3 of this section, such additional monies shall be deducted in the proportion determined by the State Board of Equalization pursuant to paragraph 3 of Section 2355.1B of this title from the monies apportioned to the General Revenue Fund,

b. for FY 2003 and each fiscal year thereafter, eight and thirty-four one-hundredths percent (8.34%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund,

c. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%

1                   FY 2008 and each fiscal

2                   year thereafter                                   5.0%

3           d.   for FY 2003 and each fiscal year thereafter, one  
4                   percent (1%) shall be placed to the credit of the Ad  
5                   Valorem Reimbursement Fund;

6           2.   Beginning July 1, 2003, for any period of time as certified  
7 by the Oklahoma Development Finance Authority and the Oklahoma  
8 Department of Commerce to be necessary for the repayment of  
9 obligations issued by the Oklahoma Development Finance Authority  
10 pursuant to Section 3654 of this title if the other sources of  
11 revenue paid to or apportioned to the Quality Jobs Program Incentive  
12 Leverage Fund are not adequate, including the proceeds from payment  
13 pursuant to the guaranty required by subsection M of Section 3654 of  
14 this title, an amount certified by the Oklahoma Development Finance  
15 Authority to the Oklahoma Tax Commission shall be apportioned to the  
16 Quality Jobs Program Incentive Leverage Fund before any other  
17 apportionments are made as otherwise authorized by this paragraph.  
18 The Oklahoma Development Finance Authority shall certify to the  
19 Oklahoma Tax Commission the time as of which the revenue authorized  
20 for apportionment pursuant to this paragraph is no longer required.  
21 After the certification, the revenue derived from the income tax  
22 shall be apportioned in the manner otherwise provided by this  
23 section. Except as otherwise provided by this paragraph, for the  
24 fiscal year beginning July 1, 2002, the first Forty-One Million One

1 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of  
2 revenue derived pursuant to the provisions of subsections ~~D~~ F and ~~E~~  
3 G of Section 2355 of this title shall be apportioned to the  
4 Education Reform Revolving Fund. The remainder of such revenue for  
5 the fiscal year beginning July 1, 2002, and all such revenue for  
6 each fiscal year thereafter, subject to the apportionment  
7 requirements for the Oklahoma Tax Commission and Office of  
8 Management and Enterprise Services Joint Computer Enhancement Fund  
9 provided by Section 265 of this title, shall be apportioned monthly  
10 as follows:

11 a. the following amounts shall be paid to the State  
12 Treasurer to be placed to the credit of the General  
13 Revenue Fund of the state for such fiscal year for the  
14 support of the state government to be paid out only  
15 pursuant to appropriation by the Legislature:

16	Fiscal Year	Amount
17	FY 2003 and FY 2004	78.96%
18	FY 2005	78.75%
19	FY 2006	78.50%
20	FY 2007	78.0%

21 (1) FY 2018 and each fiscal  
22 year thereafter until the  
23 apportionment to the  
24 General Revenue Fund

1 equals the moving five-  
2 year average amount for  
3 corporate income tax as  
4 prescribed by paragraph 4  
5 of this section 77.50%

6 (2) there shall be apportioned from the tax  
7 levy imposed on corporate income tax to  
8 the Revenue Stabilization Fund created by  
9 Section ~~4~~ 34.102 of ~~this act~~ Title 62 of  
10 the Oklahoma Statutes, or to the  
11 Constitutional Reserve Fund, as provided  
12 by Section ~~4~~ 34.102 of ~~this act~~ Title 62  
13 of the Oklahoma Statutes, the amount of  
14 revenue, if any, which exceeds the moving  
15 five-year average amount as defined  
16 pursuant to paragraph 4 of this section,

17 b. for FY 2003 and each fiscal year thereafter, sixteen  
18 and five-tenths percent (16.5%) shall be paid to the  
19 State Treasurer to be placed to the credit of the  
20 Education Reform Revolving Fund of the State  
21 Department of Education,

22 c. the following amounts shall be paid to the State  
23 Treasurer to be placed to the credit of the Teachers'  
24 Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

3. During the first fiscal year after the State Board of Equalization has made a determination as provided in Section 2355.1B of this title, regarding a baseline amount of revenue apportioned pursuant to subparagraph c of paragraph 1 of this section, and for each fiscal year thereafter, in no event shall monies apportioned pursuant to subparagraph c of paragraph 1 of this section, paragraph 3 of Section 1353 of this title and paragraph 3 of Section 1403 of this title be less than such baseline amount; and

4. "Moving five-year average for corporate income tax" means, for purposes of the apportionments prescribed by this section, the amount of income tax on corporations, as determined by the State Board of Equalization in the manner prescribed by Section ~~2~~ 34.103 of ~~this act~~ Title 62 of the Oklahoma Statutes.



SECTION 2. AMENDATORY 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2017, Section 2355), is amended to read as follows:

Section 2355. A. Individuals. For all taxable years beginning after December 31, 1998, and before January 1, 2006, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed at the option of the taxpayer under one of the two following methods:

1. METHOD 1.

a. Single individuals and married individuals filing separately not deducting federal income tax:

(1) 1/2% tax on first \$1,000.00 or part thereof,

(2) 1% tax on next \$1,500.00 or part thereof,

(3) 2% tax on next \$1,250.00 or part thereof,

(4) 3% tax on next \$1,150.00 or part thereof,

(5) 4% tax on next \$1,300.00 or part thereof,

(6) 5% tax on next \$1,500.00 or part thereof,

(7) 6% tax on next \$2,300.00 or part thereof, and

(8) (a) for taxable years beginning after December 31, 1998, and before January 1, 2002, 6.75% tax on the remainder,

(b) for taxable years beginning on or after January 1, 2002, and before January 1, 2004, 7% tax on the remainder, and

(c) for taxable years beginning on or after  
January 1, 2004, 6.65% tax on the remainder.

b. Married individuals filing jointly and surviving  
spouse to the extent and in the manner that a  
surviving spouse is permitted to file a joint return  
under the provisions of the Internal Revenue Code and  
heads of households as defined in the Internal Revenue  
Code not deducting federal income tax:

(1) 1/2% tax on first \$2,000.00 or part thereof,

(2) 1% tax on next \$3,000.00 or part thereof,

(3) 2% tax on next \$2,500.00 or part thereof,

(4) 3% tax on next \$2,300.00 or part thereof,

(5) 4% tax on next \$2,400.00 or part thereof,

(6) 5% tax on next \$2,800.00 or part thereof,

(7) 6% tax on next \$6,000.00 or part thereof, and

(8) (a) for taxable years beginning after December

31, 1998, and before January 1, 2002, 6.75%

tax on the remainder,

(b) for taxable years beginning on or after

January 1, 2002, and before January 1, 2004,

7% tax on the remainder, and

(c) for taxable years beginning on or after

January 1, 2004, 6.65% tax on the remainder.

2. METHOD 2.

a. Single individuals and married individuals filing separately deducting federal income tax:

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (7) 6% tax on next \$1,500.00 or part thereof,
- (8) 7% tax on next \$1,500.00 or part thereof,
- (9) 8% tax on next \$2,000.00 or part thereof,
- (10) 9% tax on next \$3,500.00 or part thereof, and
- (11) 10% tax on the remainder.

b. Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code deducting federal income tax:

- (1) 1/2% tax on the first \$2,000.00 or part thereof,
- (2) 1% tax on the next \$3,000.00 or part thereof,
- (3) 2% tax on the next \$2,500.00 or part thereof,
- (4) 3% tax on the next \$1,400.00 or part thereof,
- (5) 4% tax on the next \$1,500.00 or part thereof,

- (6) 5% tax on the next \$1,600.00 or part thereof,
- (7) 6% tax on the next \$1,250.00 or part thereof,
- (8) 7% tax on the next \$1,750.00 or part thereof,
- (9) 8% tax on the next \$3,000.00 or part thereof,
- (10) 9% tax on the next \$6,000.00 or part thereof, and
- (11) 10% tax on the remainder.

B. Individuals. For all taxable years beginning on or after January 1, 2008, and ending any tax year which begins after December 31, 2015, for which the determination required pursuant to Sections 4 2355.1F and 5 2355.1G of this ~~act~~ title is made by the State Board of Equalization, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1. Single individuals and married individuals filing separately:

- (a) 1/2% tax on first \$1,000.00 or part thereof,
- (b) 1% tax on next \$1,500.00 or part thereof,
- (c) 2% tax on next \$1,250.00 or part thereof,
- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and

(h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by this subparagraph shall be contingent upon the determination required to be made by the State Board of Equalization pursuant to Section 2355.1A of this title.

2. Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code:

- (a) 1/2% tax on first \$2,000.00 or part thereof,
- (b) 1% tax on next \$3,000.00 or part thereof,
- (c) 2% tax on next \$2,500.00 or part thereof,
- (d) 3% tax on next \$2,300.00 or part thereof,
- (e) 4% tax on next \$2,400.00 or part thereof,
- (f) 5% tax on next \$2,800.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by

1           this subparagraph shall be contingent upon the  
2           determination required to be made by the State Board  
3           of Equalization pursuant to Section 2355.1A of this  
4           title.

5           C. Individuals. For all taxable years beginning on or after  
6           January 1, 2016, and ending not later than December 31, 2017, and  
7           for which the determination required pursuant to Sections ~~4~~ 2355.1F  
8           and ~~5~~ 2355.1G of this ~~act~~ title is made by the State Board of  
9           Equalization, a tax is hereby imposed upon the Oklahoma taxable  
10          income of every resident or nonresident individual, which tax shall  
11          be computed as follows:

12          1. Single individuals and married individuals filing  
13          separately:

14               (a) 1/2% tax on first \$1,000.00 or part thereof,

15               (b) 1% tax on next \$1,500.00 or part thereof,

16               (c) 2% tax on next \$1,250.00 or part thereof,

17               (d) 3% tax on next \$1,150.00 or part thereof,

18               (e) 4% tax on next \$2,300.00 or part thereof,

19               (f) 5% tax on the remainder if the State Board of

20          Equalization makes a determination pursuant to Section

21          ~~4~~ 2355.1F of this ~~act~~ title or four and eighty-five

22          hundredths (4.85%) tax on the remainder if the State

23          Board of Equalization makes a determination pursuant

24          to Section ~~5~~ 2355.1G of this ~~act~~ title.

1        2. Married individuals filing jointly and surviving spouse to  
2 the extent and in the manner that a surviving spouse is permitted to  
3 file a joint return under the provisions of the Internal Revenue  
4 Code and heads of households as defined in the Internal Revenue  
5 Code:

6            (a) 1/2% tax on first \$2,000.00 or part thereof,

7            (b) 1% tax on next \$3,000.00 or part thereof,

8            (c) 2% tax on next \$2,500.00 or part thereof,

9            (d) 3% tax on next \$2,300.00 or part thereof,

10           (e) 4% tax on next \$2,400.00 or part thereof,

11           (f) 5% tax on the remainder if the State Board of

12           Equalization makes a determination pursuant to Section

13           4 2355.1F of this ~~act~~ title or four and eighty-five

14           hundredths percent (4.85%) tax on the remainder if the

15           State Board of Equalization makes a determination

16           pursuant to Section 5 2355.1G of this ~~act~~ title.

17        No deduction for federal income taxes paid shall be allowed to  
18 any taxpayer to arrive at taxable income.

19        D. Individuals. For all taxable years beginning on or after  
20 January 1, 2018, a tax is hereby imposed upon the Oklahoma taxable  
21 income of every resident or nonresident individual, which tax shall  
22 be computed as follows:

23           1. Single individuals and married individuals filing separate  
24 returns:

- (a) 1/2% tax on first \$999.00 or part thereof,
- (b) 1% tax on the next amount equal to or greater than  
\$1,000.00, but less than \$2,500.00,
- (c) 2% tax on the next amount equal to or greater than  
\$2,500.00, but less than \$3,750.00,
- (d) 3% tax on the next amount equal to or greater than  
\$3,750.00, but less than \$4,900.00,
- (e) 4% tax on the next amount equal to or greater than  
\$4,900.00, but less than \$7,200.00,
- (f) 4.6% tax on the next amount equal to or greater than  
\$7,200.00, but less than \$18,000.00,
- (g) 4.8% tax on the next amount equal to or greater than  
\$18,000.00, but less than \$50,000.00, and
- (h) 5.0% tax on the next amount equal to or greater than  
\$50,000.00; and

2. Married individuals filing jointly and surviving spouse to  
the extent and in the manner that a surviving spouse is permitted to  
file a joint return under the provisions of the Internal Revenue  
Code and heads of households as defined in the Internal Revenue  
Code:

- (a) 1/2% tax on first \$1,999.00 or part thereof,
- (b) 1% tax on the next amount equal to or greater than  
\$2,000.00, but less than \$5,000.00,



- 1        (c) 2% tax on the next amount equal to or greater than  
2        \$5,000.00, but less than \$7,500.00,  
3        (d) 3% tax on the next amount equal to or greater than  
4        \$7,500.00, but less than \$9,800.00,  
5        (e) 4% tax on the next amount equal to or greater than  
6        \$9,800.00, but less than \$12,200.00,  
7        (f) 4.6% tax on the next amount equal to or greater than  
8        \$12,200.00, but less than \$36,000.00,  
9        (g) 4.8% tax on the next amount equal to or greater than  
10       \$36,000.00, but less than \$100,000.00, and  
11       (h) 5.0% tax on the next amount equal to or greater than  
12       \$100,000.00.

13       E. Nonresident aliens. In lieu of the rates set forth in  
14 ~~subsection A above~~ subsections B, C and D of this section, there  
15 shall be imposed on nonresident aliens, as defined in the Internal  
16 Revenue Code, a tax of eight percent (8%) instead of thirty percent  
17 (30%) as used in the Internal Revenue Code, with respect to the  
18 Oklahoma taxable income of such nonresident aliens as determined  
19 under the provision of the Oklahoma Income Tax Act.

20       Every payer of amounts covered by this subsection shall deduct  
21 and withhold from such amounts paid each payee an amount equal to  
22 eight percent (8%) thereof. Every payer required to deduct and  
23 withhold taxes under this subsection shall for each quarterly period  
24 on or before the last day of the month following the close of each

1 such quarterly period, pay over the amount so withheld as taxes to  
2 the Tax Commission, and shall file a return with each such payment.  
3 Such return shall be in such form as the Tax Commission shall  
4 prescribe. Every payer required under this subsection to deduct and  
5 withhold a tax from a payee shall, as to the total amounts paid to  
6 each payee during the calendar year, furnish to such payee, on or  
7 before January 31, of the succeeding year, a written statement  
8 showing the name of the payer, the name of the payee and the payee's  
9 social security account number, if any, the total amount paid  
10 subject to taxation, and the total amount deducted and withheld as  
11 tax and such other information as the Tax Commission may require.  
12 Any payer who fails to withhold or pay to the Tax Commission any  
13 sums herein required to be withheld or paid shall be personally and  
14 individually liable therefor to the State of Oklahoma.

15 ~~E.~~ F. Corporations. For all taxable years beginning after  
16 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable  
17 income of every corporation doing business within this state or  
18 deriving income from sources within this state in an amount equal to  
19 six percent (6%) thereof.

20 There shall be no additional Oklahoma income tax imposed on  
21 accumulated taxable income or on undistributed personal holding  
22 company income as those terms are defined in the Internal Revenue  
23 Code.  
24

1       ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed  
2 in the first paragraph of subsection ~~D~~ F of this section, for all  
3 taxable years beginning after December 31, 1989, there shall be  
4 imposed on foreign corporations, as defined in the Internal Revenue  
5 Code, a tax of six percent (6%) instead of thirty percent (30%) as  
6 used in the Internal Revenue Code, where such income is received  
7 from sources within Oklahoma, in accordance with the provisions of  
8 the Internal Revenue Code and the Oklahoma Income Tax Act.

9       Every payer of amounts covered by this subsection shall deduct  
10 and withhold from such amounts paid each payee an amount equal to  
11 six percent (6%) thereof. Every payer required to deduct and  
12 withhold taxes under this subsection shall for each quarterly period  
13 on or before the last day of the month following the close of each  
14 such quarterly period, pay over the amount so withheld as taxes to  
15 the Tax Commission, and shall file a return with each such payment.  
16 Such return shall be in such form as the Tax Commission shall  
17 prescribe. Every payer required under this subsection to deduct and  
18 withhold a tax from a payee shall, as to the total amounts paid to  
19 each payee during the calendar year, furnish to such payee, on or  
20 before January 31, of the succeeding year, a written statement  
21 showing the name of the payer, the name of the payee and the payee's  
22 social security account number, if any, the total amounts paid  
23 subject to taxation, the total amount deducted and withheld as tax  
24 and such other information as the Tax Commission may require. Any

1 payer who fails to withhold or pay to the Tax Commission any sums  
2 herein required to be withheld or paid shall be personally and  
3 individually liable therefor to the State of Oklahoma.

4 ~~G.~~ H. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
5 taxable income of every trust and estate at the same rates as are  
6 provided in subsection B ~~or~~, C or D of this section for single  
7 individuals. Fiduciaries are not allowed a deduction for any  
8 federal income tax paid.

9 ~~H.~~ I. Tax rate tables. For all taxable years beginning after  
10 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,  
11 C or D of this section, as applicable there is hereby imposed for  
12 each taxable year on the taxable income of every individual, whose  
13 taxable income for such taxable year does not exceed the ceiling  
14 amount, a tax determined under tables, applicable to such taxable  
15 year which shall be prescribed by the Tax Commission and which shall  
16 be in such form as it determines appropriate. In the table so  
17 prescribed, the amounts of the tax shall be computed on the basis of  
18 the rates prescribed by subsection A, B ~~or~~, C or D of this section.  
19 For purposes of this subsection, the term "ceiling amount" means,  
20 with respect to any taxpayer, the amount determined by the Tax  
21 Commission for the tax rate category in which such taxpayer falls.

22 SECTION 3. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 2357.701 of Title 68, unless  
24 there is created a duplication in numbering, reads as follows:

1       A. For taxable years beginning after December 31, 2017, there  
2 shall be allowed a nonrefundable tax credit against the tax imposed  
3 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes in the  
4 following amounts based upon federal adjusted gross income and  
5 regardless of filing status:

6       1. Seventy Dollars (\$70.00) per return if the total federal  
7 adjusted gross income reflected on the Oklahoma income tax return is  
8 less than Sixteen Thousand Dollars (\$16,000.00);

9       2. Sixty-five Dollars (\$65.00) per return if the total federal  
10 adjusted gross income reflected on the Oklahoma income tax return is  
11 equal to or greater than Sixteen Thousand Dollars (\$16,000.00) but  
12 not greater than Thirty-one Thousand Nine Hundred Ninety-nine  
13 Dollars (\$31,999.00); and

14       3. Fifty Dollars (\$50.00) per return if the total federal  
15 adjusted gross income reflected on the Oklahoma income tax return is  
16 greater than Thirty-one Thousand Nine Hundred Ninety-nine Dollars  
17 (\$31,999.00) but not greater than Forty-nine Thousand Nine Hundred  
18 Ninety-nine Dollars (\$41,999.00).

19       B. No credit otherwise allowable pursuant to the provisions of  
20 this section shall be claimed if the federal adjusted gross income  
21 reflected on the Oklahoma income tax return is equal to or greater  
22 than Fifty Thousand Dollars (\$50,000.00).

23       C. The credit authorized pursuant to this section may not be  
24 used to reduce the income tax liability to less than zero (0).

1 D. The credit authorized pursuant to this section may not be  
2 carried over to any other income tax year.

3 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2358, as  
4 last amended by Section 1, Chapter 235, O.S.L. 2017 (68 O.S. Supp.  
5 2017, Section 2358), is amended to read as follows:

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

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

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

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

22 3. The amount of any federal net operating loss deduction shall  
23 be adjusted as follows:  
24

- 1           a.   For carryovers and carrybacks to taxable years  
2               beginning before January 1, 1981, the amount of any  
3               net operating loss deduction allowed to a taxpayer for  
4               federal income tax purposes shall be reduced to an  
5               amount which is the same portion thereof as the loss  
6               from sources within this state, as determined pursuant  
7               to this section and Section 2362 of this title, for  
8               the taxable year in which such loss is sustained is of  
9               the total loss for such year;
- 10          b.   For carryovers and carrybacks to taxable years  
11               beginning after December 31, 1980, the amount of any  
12               net operating loss deduction allowed for the taxable  
13               year shall be an amount equal to the aggregate of the  
14               Oklahoma net operating loss carryovers and carrybacks  
15               to such year. Oklahoma net operating losses shall be  
16               separately determined by reference to Section 172 of  
17               the Internal Revenue Code, 26 U.S.C., Section 172, as  
18               modified by the Oklahoma Income Tax Act, Section 2351  
19               et seq. of this title, and shall be allowed without  
20               regard to the existence of a federal net operating  
21               loss. For tax years beginning after December 31,  
22               2000, and ending before January 1, 2008, the years to  
23               which such losses may be carried shall be determined  
24               solely by reference to Section 172 of the Internal

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

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

21 a. Income from real and tangible personal property, such  
22 as rents, oil and mining production or royalties, and  
23 gains or losses from sales of such property, shall be  
24



1 allocated in accordance with the situs of such  
2 property;

3 b. Income from intangible personal property, such as  
4 interest, dividends, patent or copyright royalties,  
5 and gains or losses from sales of such property, shall  
6 be allocated in accordance with the domiciliary situs  
7 of the taxpayer, except that:

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

22 (2) for taxable years beginning after December 31,  
23 2003, capital or ordinary gains or losses from  
24 the sale of an ownership interest in a publicly

1           traded partnership, as defined by Section 7704(b)  
2           of the Internal Revenue Code of 1986, as amended,  
3           shall be allocated to this state in the ratio of  
4           the original cost of such partnership's tangible  
5           property in this state to the original cost of  
6           such partnership's tangible property everywhere,  
7           as determined at the time of the sale; if more  
8           than fifty percent (50%) of the value of the  
9           partnership's assets consists of intangible  
10          assets, capital or ordinary gains or losses from  
11          the sale of an ownership interest in the  
12          partnership shall be allocated to this state in  
13          accordance with the sales factor of the  
14          partnership for its first full tax period  
15          immediately preceding its tax period during which  
16          the ownership interest in the partnership was  
17          sold; the provisions of this division shall only  
18          apply if the capital or ordinary gains or losses  
19          from the sale of an ownership interest in a  
20          partnership do not constitute qualifying gain  
21          receiving capital treatment as defined in  
22          subparagraph a of paragraph 2 of subsection F of  
23          this section,  
24

1           (3) income from such property which is required to be  
2           allocated pursuant to the provisions of paragraph  
3           5 of this subsection shall be allocated as herein  
4           provided;

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

10          d. In the case of a manufacturing or processing  
11          enterprise the business of which in Oklahoma consists  
12          solely of marketing its products by:

13           (1) sales having a situs without this state, shipped  
14           directly to a point from without the state to a  
15           purchaser within the state, commonly known as  
16           interstate sales,

17           (2) sales of the product stored in public warehouses  
18           within the state pursuant to "in transit"  
19           tariffs, as prescribed and allowed by the  
20           Interstate Commerce Commission, to a purchaser  
21           within the state,

22           (3) sales of the product stored in public warehouses  
23           within the state where the shipment to such  
24           warehouses is not covered by "in transit"

1 tariffs, as prescribed and allowed by the  
2 Interstate Commerce Commission, to a purchaser  
3 within or without the state,  
4 the Oklahoma net income shall, at the option of the  
5 taxpayer, be that portion of the total net income of  
6 the taxpayer for federal income tax purposes derived  
7 from the manufacture and/or processing and sales  
8 everywhere as determined by the ratio of the sales  
9 defined in this section made to the purchaser within  
10 the state to the total sales everywhere. The term  
11 "public warehouse" as used in this subparagraph means  
12 a licensed public warehouse, the principal business of  
13 which is warehousing merchandise for the public;

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

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

1 risks in this state, and the denominator of which  
2 is the direct premiums written for insurance on  
3 property or risks everywhere. For purposes of  
4 this subsection, the term "direct premiums  
5 written" means the total amount of direct  
6 premiums written, assessments and annuity  
7 considerations as reported for the taxable year  
8 on the annual statement filed by the company with  
9 the Insurance Commissioner in the form approved  
10 by the National Association of Insurance  
11 Commissioners, or such other form as may be  
12 prescribed in lieu thereof,

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

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

19 5. The net income or loss remaining after the separate  
20 allocation in paragraph 4 of this subsection, being that which is  
21 derived from a unitary business enterprise, shall be apportioned to  
22 this state on the basis of the arithmetical average of three factors  
23 consisting of property, payroll and sales or gross revenue  
24 enumerated as subparagraphs a, b and c of this paragraph. Net

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

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

1 of which is the average value of all the taxpayer's  
2 real and tangible personal property everywhere owned  
3 or rented and used during the tax period.

4 (1) Property, the income from which is separately  
5 allocated in paragraph 4 of this subsection,  
6 shall not be included in determining this  
7 fraction. The numerator of the fraction shall  
8 include a portion of the investment in  
9 transportation and other equipment having no  
10 fixed situs, such as rolling stock, buses, trucks  
11 and trailers, including machinery and equipment  
12 carried thereon, airplanes, salespersons'  
13 automobiles and other similar equipment, in the  
14 proportion that miles traveled in Oklahoma by  
15 such equipment bears to total miles traveled,

16 (2) Property owned by the taxpayer is valued at its  
17 original cost. Property rented by the taxpayer  
18 is valued at eight times the net annual rental  
19 rate. Net annual rental rate is the annual  
20 rental rate paid by the taxpayer, less any annual  
21 rental rate received by the taxpayer from  
22 subrentals,

23 (3) The average value of property shall be determined  
24 by averaging the values at the beginning and



1 ending of the tax period but the Oklahoma Tax  
2 Commission may require the averaging of monthly  
3 values during the tax period if reasonably  
4 required to reflect properly the average value of  
5 the taxpayer's property;

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

15 (1) In the case of a transportation enterprise, the  
16 numerator of the fraction shall include a portion  
17 of such expenditure in connection with employees  
18 operating equipment over a fixed route, such as  
19 railroad employees, airline pilots, or bus  
20 drivers, in this state only a part of the time,  
21 in the proportion that mileage traveled in  
22 Oklahoma bears to total mileage traveled by such  
23 employees,  
24

1           (2) In any case the numerator of the fraction shall  
2           include a portion of such expenditures in  
3           connection with itinerant employees, such as  
4           traveling salespersons, in this state only a part  
5           of the time, in the proportion that time spent in  
6           Oklahoma bears to total time spent in furtherance  
7           of the enterprise by such employees;

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

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

1           doing business in the state of the destination of  
2           the shipment.

3           (2) In the case of a railroad or interurban railway  
4           enterprise, the numerator of the fraction shall  
5           not be less than the allocation of revenues to  
6           this state as shown in its annual report to the  
7           Corporation Commission.

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

16          (4) In the case of an oil, gasoline or gas pipeline  
17          enterprise, the numerator of the fraction shall  
18          be either the total of traffic units of the  
19          enterprise within Oklahoma or the revenue  
20          allocated to Oklahoma based upon miles moved, at  
21          the option of the taxpayer, and the denominator  
22          of which shall be the total of traffic units of  
23          the enterprise or the revenue of the enterprise  
24          everywhere as appropriate to the numerator. A

1 "traffic unit" is hereby defined as the  
2 transportation for a distance of one (1) mile of  
3 one (1) barrel of oil, one (1) gallon of gasoline  
4 or one thousand (1,000) cubic feet of natural or  
5 casinghead gas, as the case may be.

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

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

21        6. For calendar years 1997 and 1998, the owner of a new or  
22 expanded agricultural commodity processing facility in this state  
23 may exclude from Oklahoma taxable income, or in the case of an  
24 individual, the Oklahoma adjusted gross income, fifteen percent

1 (15%) of the investment by the owner in the new or expanded  
2 agricultural commodity processing facility. For calendar year 1999,  
3 and all subsequent years, the percentage, not to exceed fifteen  
4 percent (15%), available to the owner of a new or expanded  
5 agricultural commodity processing facility in this state claiming  
6 the exemption shall be adjusted annually so that the total estimated  
7 reduction in tax liability does not exceed One Million Dollars  
8 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules  
9 for determining the percentage of the investment which each eligible  
10 taxpayer may exclude. The exclusion provided by this paragraph  
11 shall be taken in the taxable year when the investment is made. In  
12 the event the total reduction in tax liability authorized by this  
13 paragraph exceeds One Million Dollars (\$1,000,000.00) in any  
14 calendar year, the Tax Commission shall permit any excess over One  
15 Million Dollars (\$1,000,000.00) and shall factor such excess into  
16 the percentage for subsequent years. Any amount of the exemption  
17 permitted to be excluded pursuant to the provisions of this  
18 paragraph but not used in any year may be carried forward as an  
19 exemption from income pursuant to the provisions of this paragraph  
20 for a period not exceeding six (6) years following the year in which  
21 the investment was originally made.

22 For purposes of this paragraph:

- 23 a. "Agricultural commodity processing facility" means  
24 building, structures, fixtures and improvements used

1 or operated primarily for the processing or production  
2 of marketable products from agricultural commodities.  
3 The term shall also mean a dairy operation that  
4 requires a depreciable investment of at least Two  
5 Hundred Fifty Thousand Dollars (\$250,000.00) and which  
6 produces milk from dairy cows. The term does not  
7 include a facility that provides only, and nothing  
8 more than, storage, cleaning, drying or transportation  
9 of agricultural commodities, and

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

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

21 7. Despite any provision to the contrary in paragraph 3 of this  
22 subsection, for taxable years beginning after December 31, 1999, in  
23 the case of a taxpayer which has a farming loss, such farming loss  
24 shall be considered a net operating loss carryback in accordance

1 with and to the extent of the Internal Revenue Code, 26 U.S.C.,  
2 Section 172(b)(G). However, the amount of the net operating loss  
3 carryback shall not exceed the lesser of:

4 a. Sixty Thousand Dollars (\$60,000.00), or

5 b. the loss properly shown on Schedule F of the Internal  
6 Revenue Service Form 1040 reduced by one-half (1/2) of  
7 the income from all other sources other than reflected  
8 on Schedule F.

9 8. In taxable years beginning after December 31, 1995, and  
10 ending not later than December 31, 2017, all qualified wages equal  
11 to the federal income tax credit set forth in 26 U.S.C.A., Section  
12 45A, shall be deducted from taxable income. The deduction allowed  
13 pursuant to this paragraph shall only be permitted for the tax years  
14 in which the federal tax credit pursuant to 26 U.S.C.A., Section  
15 45A, is allowed. For purposes of this paragraph, "qualified wages"  
16 means those wages used to calculate the federal credit pursuant to  
17 26 U.S.C.A., Section 45A.

18 9. In taxable years beginning after December 31, 2005, and  
19 ending not later than December 31, 2017, an employer that is  
20 eligible for and utilizes the Safety Pays OSHA Consultation Service  
21 provided by the Oklahoma Department of Labor shall receive an  
22 exemption from taxable income in the amount of One Thousand Dollars  
23 (\$1,000.00) for the tax year that the service is utilized.



1        10. For taxable years beginning on or after January 1, 2010,  
2 there shall be added to Oklahoma taxable income an amount equal to  
3 the amount of deferred income not included in such taxable income  
4 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986  
5 as amended by Section 1231 of the American Recovery and Reinvestment  
6 Act of 2009 (P.L. No. 111-5). There shall be subtracted from  
7 Oklahoma taxable income an amount equal to the amount of deferred  
8 income included in such taxable income pursuant to Section 108(i)(1)  
9 of the Internal Revenue Code of 1986, as amended by Section 1231 of  
10 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

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

1 basis for all such assets placed into service after December 31,  
2 1981, calculated in this section shall be retained and utilized for  
3 all Oklahoma income tax purposes through the final disposition of  
4 such assets.

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

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

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

24

1 C. 1. For taxable years beginning after December 31, 1987, the  
2 taxable income of any corporation shall be further adjusted to  
3 arrive at Oklahoma taxable income for transfers of technology to  
4 qualified small businesses located in Oklahoma. Such transferor  
5 corporation shall be allowed an exemption from taxable income of an  
6 amount equal to the amount of royalty payment received as a result  
7 of such transfer; provided, however, such amount shall not exceed  
8 ten percent (10%) of the amount of gross proceeds received by such  
9 transferor corporation as a result of the technology transfer. Such  
10 exemption shall be allowed for a period not to exceed ten (10) years  
11 from the date of receipt of the first royalty payment accruing from  
12 such transfer. No exemption may be claimed for transfers of  
13 technology to qualified small businesses made prior to January 1,  
14 1988.

15 2. For purposes of this subsection:

16 a. "Qualified small business" means an entity, whether  
17 organized as a corporation, partnership, or  
18 proprietorship, organized for profit with its  
19 principal place of business located within this state  
20 and which meets the following criteria:

21 (1) Capitalization of not more than Two Hundred Fifty  
22 Thousand Dollars (\$250,000.00),  
23  
24

1           (2) Having at least fifty percent (50%) of its  
2           employees and assets located in Oklahoma at the  
3           time of the transfer, and

4           (3) Not a subsidiary or affiliate of the transferor  
5           corporation;

6           b. "Technology" means a proprietary process, formula,  
7           pattern, device or compilation of scientific or  
8           technical information which is not in the public  
9           domain;

10          c. "Transferor corporation" means a corporation which is  
11          the exclusive and undisputed owner of the technology  
12          at the time the transfer is made; and

13          d. "Gross proceeds" means the total amount of  
14          consideration for the transfer of technology, whether  
15          the consideration is in money or otherwise.

16          D. 1. For taxable years beginning after December 31, 2005, the  
17          taxable income of any corporation, estate or trust, shall be further  
18          adjusted for qualifying gains receiving capital treatment. Such  
19          corporations, estates or trusts shall be allowed a deduction from  
20          Oklahoma taxable income for the amount of qualifying gains receiving  
21          capital treatment earned by the corporation, estate or trust during  
22          the taxable year and included in the federal taxable income of such  
23          corporation, estate or trust.

24          2. As used in this subsection:

1           a.    "qualifying gains receiving capital treatment" means  
2                the amount of net capital gains, as defined in Section  
3                1222(11) of the Internal Revenue Code, included in the  
4                federal income tax return of the corporation, estate  
5                or trust that result from:

6                (1)   the sale of real property or tangible personal  
7                      property located within Oklahoma that has been  
8                      directly or indirectly owned by the corporation,  
9                      estate or trust for a holding period of at least  
10                     five (5) years prior to the date of the  
11                     transaction from which such net capital gains  
12                     arise,

13               (2)   the sale of stock or on the sale of an ownership  
14                      interest in an Oklahoma company, limited  
15                      liability company, or partnership where such  
16                      stock or ownership interest has been directly or  
17                      indirectly owned by the corporation, estate or  
18                      trust for a holding period of at least three (3)  
19                      years prior to the date of the transaction from  
20                      which the net capital gains arise, or

21               (3)   the sale of real property, tangible personal  
22                      property or intangible personal property located  
23                      within Oklahoma as part of the sale of all or  
24                      substantially all of the assets of an Oklahoma

1                   company, limited liability company, or  
2                   partnership where such property has been directly  
3                   or indirectly owned by such entity owned by the  
4                   owners of such entity, and used in or derived  
5                   from such entity for a period of at least three  
6                   (3) years prior to the date of the transaction  
7                   from which the net capital gains arise,

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

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

20           d.    "direct" means the taxpayer directly owns the asset,  
21                  and

22           e.    "indirect" means the taxpayer owns an interest in a  
23                  pass-through entity (or chain of pass-through  
24

1 entities) that sells the asset that gives rise to the  
2 qualifying gains receiving capital treatment.

3 (1) With respect to sales of real property or  
4 tangible personal property located within  
5 Oklahoma, the deduction described in this  
6 subsection shall not apply unless the pass-  
7 through entity that makes the sale has held the  
8 property for not less than five (5) uninterrupted  
9 years prior to the date of the transaction that  
10 created the capital gain, and each pass-through  
11 entity included in the chain of ownership has  
12 been a member, partner, or shareholder of the  
13 pass-through entity in the tier immediately below  
14 it for an uninterrupted period of not less than  
15 five (5) years.

16 (2) With respect to sales of stock or ownership  
17 interest in or sales of all or substantially all  
18 of the assets of an Oklahoma company, limited  
19 liability company, or partnership, the deduction  
20 described in this subsection shall not apply  
21 unless the pass-through entity that makes the  
22 sale has held the stock or ownership interest or  
23 the assets for not less than three (3)  
24 uninterrupted years prior to the date of the

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

7 E. The Oklahoma adjusted gross income of any individual  
8 taxpayer shall be further adjusted as follows to arrive at Oklahoma  
9 taxable income:

- 10 1. a. ~~In the case of individuals, there shall be added or~~  
11 ~~deducted, as the case may be, the difference necessary~~  
12 ~~to allow personal exemptions of One Thousand Dollars~~  
13 ~~(\$1,000.00) in lieu of the personal exemptions allowed~~  
14 ~~by the Internal Revenue Code.~~
- 15 b. ~~There shall be allowed an additional exemption of One~~  
16 ~~Thousand Dollars (\$1,000.00) for each taxpayer or~~  
17 ~~spouse who is blind at the close of the tax year. For~~  
18 ~~purposes of this subparagraph, an individual is blind~~  
19 ~~only if the central visual acuity of the individual~~  
20 ~~does not exceed 20/200 in the better eye with~~  
21 ~~correcting lenses, or if the visual acuity of the~~  
22 ~~individual is greater than 20/200, but is accompanied~~  
23 ~~by a limitation in the fields of vision such that the~~  
24



~~widest diameter of the visual field subtends an angle  
no greater than twenty (20) degrees.~~

~~e. There shall be allowed an additional exemption of One  
Thousand Dollars (\$1,000.00) for each taxpayer or  
spouse who is sixty-five (65) years of age or older at  
the close of the tax year based upon the filing status  
and federal adjusted gross income of the taxpayer.  
Taxpayers with the following filing status may claim  
this exemption if the federal adjusted gross income  
does not exceed:~~

~~(1) Twenty-five Thousand Dollars (\$25,000.00) if  
married and filing jointly;~~

~~(2) Twelve Thousand Five Hundred Dollars (\$12,500.00)  
if married and filing separately;~~

~~(3) Fifteen Thousand Dollars (\$15,000.00) if single;  
and~~

~~(4) Nineteen Thousand Dollars (\$19,000.00) if a  
qualifying head of household.~~

~~Provided, for taxable years beginning after December  
31, 1999, amounts included in the calculation of  
federal adjusted gross income pursuant to the  
conversion of a traditional individual retirement  
account to a Roth individual retirement account shall  
be excluded from federal adjusted gross income for~~

~~purposes of the income thresholds provided in this subparagraph.~~

~~2.~~ a. For taxable years beginning on or before December 31, 2005, 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, in an amount equal to the larger of fifteen percent (15%) of the Oklahoma adjusted gross income or One Thousand Dollars (\$1,000.00), but not to exceed Two Thousand Dollars (\$2,000.00), except that in the case of a married individual filing a separate return such deduction shall be the larger of fifteen percent (15%) of such Oklahoma adjusted gross income or Five Hundred Dollars (\$500.00), but not to exceed the maximum amount of One Thousand Dollars (\$1,000.00).

b. For taxable years beginning on or after January 1, 2006, and before January 1, 2007, 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

1 deduction allowed by the Internal Revenue Code, in an  
2 amount equal to:

3 (1) Three Thousand Dollars (\$3,000.00), if the filing  
4 status is married filing joint, head of household  
5 or qualifying widow; or

6 (2) Two Thousand Dollars (\$2,000.00), if the filing  
7 status is single or married filing separate.

8 c. For the taxable year beginning on January 1, 2007, and  
9 ending December 31, 2007, in the case of individuals  
10 who use the standard deduction in determining taxable  
11 income, there shall be added or deducted, as the case  
12 may be, the difference necessary to allow a standard  
13 deduction in lieu of the standard deduction allowed by  
14 the Internal Revenue Code, in an amount equal to:

15 (1) Five Thousand Five Hundred Dollars (\$5,500.00),  
16 if the filing status is married filing joint or  
17 qualifying widow; or

18 (2) Four Thousand One Hundred Twenty-five Dollars  
19 (\$4,125.00) for a head of household; or

20 (3) Two Thousand Seven Hundred Fifty Dollars  
21 (\$2,750.00), if the filing status is single or  
22 married filing separate.

23 d. For the taxable year beginning on January 1, 2008, and  
24 ending December 31, 2008, in the case of individuals

1           who use the standard deduction in determining taxable  
2           income, there shall be added or deducted, as the case  
3           may be, the difference necessary to allow a standard  
4           deduction in lieu of the standard deduction allowed by  
5           the Internal Revenue Code, in an amount equal to:

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

9           (2)   Four Thousand Eight Hundred Seventy-five Dollars  
10                   (\$4,875.00) for a head of household, or

11           (3)   Three Thousand Two Hundred Fifty Dollars  
12                   (\$3,250.00), if the filing status is single or  
13                   married filing separate.

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

21           (1)   Eight Thousand Five Hundred Dollars (\$8,500.00),  
22                   if the filing status is married filing joint or  
23                   qualifying widow, or

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

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

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

9 f. For taxable years beginning on or after January 1,  
10 2010, and ending on December 31, 2016, in the case of  
11 individuals who use the standard deduction in  
12 determining taxable income, there shall be added or  
13 deducted, as the case may be, the difference necessary  
14 to allow a standard deduction equal to the standard  
15 deduction allowed by the Internal Revenue Code of  
16 1986, as amended, based upon the amount and filing  
17 status prescribed by such Code for purposes of filing  
18 federal individual income tax returns.

19 g. For taxable years beginning on or after January 1,  
20 ~~2017~~ 2018, in the case of individuals who use the  
21 standard deduction in determining taxable income,  
22 there shall be added or deducted, as the case may be,  
23 the difference necessary to allow a standard deduction  
24

1 in lieu of the standard deduction allowed by the  
2 Internal Revenue Code of 1986, as amended, as follows:

- 3 (1) ~~Six Thousand Three Hundred Fifty Dollars~~  
4 ~~(\$6,350.00)~~ Five Thousand Two Hundred Fifty  
5 Dollars (\$5,250.00) for single or married filing  
6 separately,
- 7 (2) ~~Twelve Thousand Seven Hundred Dollars~~  
8 ~~(\$12,700.00)~~ Ten Thousand Five Hundred Dollars  
9 (\$10,500.00) for married filing jointly or  
10 qualifying widower with dependent child, and
- 11 (3) ~~Nine Thousand Three Hundred Fifty Dollars~~  
12 ~~(\$9,350.00)~~ Seven Thousand Seven Hundred Dollars  
13 (\$7,700.00) for head of household.

14 ~~3.~~ 2. a. In the case of resident and part-year resident  
15 individuals having adjusted gross income from sources  
16 both within and without the state, the itemized or  
17 standard deductions and personal exemptions shall be  
18 reduced to an amount which is the same portion of the  
19 total thereof as Oklahoma adjusted gross income is of  
20 adjusted gross income. To the extent itemized  
21 deductions include allowable moving expense, proration  
22 of moving expense shall not be required or permitted  
23 but allowable moving expense shall be fully deductible  
24 for those taxpayers moving within or into Oklahoma and

1 no part of moving expense shall be deductible for  
2 those taxpayers moving without or out of Oklahoma.

3 All other itemized or standard deductions and personal  
4 exemptions shall be subject to proration as provided  
5 by law.

6 b. For taxable years beginning on or after January 1,  
7 2018, the net amount of itemized deductions allowable  
8 on an Oklahoma income tax return, subject to the  
9 provisions of paragraph 12 of this subsection, shall  
10 not exceed Twenty-two Thousand Five Hundred Dollars  
11 (\$22,500.00). For purposes of this subparagraph, the  
12 deduction for mortgage interest shall be included in  
13 the amount of Twenty-two Thousand Five Hundred Dollars  
14 (\$22,500.00). For purposes of this subparagraph,  
15 charitable contributions deductible for federal income  
16 tax purposes shall be excluded from the amount of  
17 Twenty-two Thousand Five Hundred Dollars (\$22,500.00)  
18 as specified by this subparagraph.

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~~

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

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

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

c. Whenever the filing of a timely income tax return by a member of the Armed Forces of the United States is made impracticable or impossible of accomplishment by 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  
10 shall be and is hereby extended without incurring  
11 liability for interest or penalties, to the fifteenth  
12 day of the third 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.~~ 4. 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~~ 3 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~~

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

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

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

~~8.~~ 5. Retirement benefits not to exceed 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

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

15 ~~9.~~ 6. In taxable years beginning after December 31, 1984,  
16 Social Security benefits received by an individual shall be exempt  
17 from 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.~~ 7. For taxable years beginning after December 31, 1994,  
21 lump-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.~~ 8. 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.~~ 9. 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~~ 5

1 of this subsection shall not be permitted to claim a  
2 combined total exemption pursuant to this paragraph  
3 and paragraph ~~8~~ 5 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~~

~~taxable year and up to April 15 of the succeeding year, or the due date of a taxpayer's state income tax return, excluding extensions, whichever is later. Provided, a deduction for the same contribution may not be taken for two (2) different taxable years.~~

e. ~~In taxable years beginning after December 31, 2006, deductions for contributions made pursuant to subparagraph b of this paragraph shall be limited as follows:~~

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

~~(2) for a taxpayer who elects to take a rollover or nonqualified withdrawal within the same tax year in which a contribution was made to the taxpayer's account, the tax deduction otherwise available pursuant to subparagraph b of this paragraph shall be reduced by the amount of the contribution which is equal to the rollover or 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.~~ 10. 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~~ 9 of this subsection.

20 ~~19.~~ 11. 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.~~ 12. For taxable years beginning on or after January 1,  
7 2016, taxable income shall be increased by any amount of state and  
8 local sales or income taxes deducted under 26 U.S.C., Section 164 of  
9 the 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:

- 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  
3 paragraph 1 of this 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~~ subparagraph a of this ~~subsection~~  
7 paragraph other than a "captive real estate  
8 investment trust", or  
9 (2) any qualified real estate investment trust  
10 subsidiary under Section 856(i) of the Internal  
11 Revenue Code of 1986, as amended, other than a  
12 qualified REIT subsidiary of a "captive real  
13 estate investment trust", or  
14 (3) any Listed Australian Property Trust (meaning an  
15 Australian unit trust registered as a "Managed  
16 Investment Scheme" under the Australian  
17 Corporations Act in which the principal class of  
18 units is listed on a recognized stock exchange in  
19 Australia and is regularly traded on an  
20 established securities market), or an entity  
21 organized as a trust, provided that a Listed  
22 Australian Property Trust owns or controls,  
23 directly or indirectly, seventy-five percent  
24



(75%) or more of the voting power or value of the beneficial interests or shares of such trust, or

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

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

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

(c) the entity is required to distribute at least eighty-five percent (85%) of its taxable income, as computed in the jurisdiction in which it is organized, to

1 the holders of its shares or certificates of  
2 beneficial interest on an annual basis,  
3 (d) not more than ten percent (10%) of the  
4 voting power or value in such entity is held  
5 directly or indirectly or constructively by  
6 a single entity or individual, or the shares  
7 or beneficial interests of such entity are  
8 regularly traded on an established  
9 securities market, and  
10 (e) the entity is organized in a country which  
11 has a tax treaty with the United States.

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

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

1 estate investment trust. For purposes of this subsection, a real  
2 estate investment trust becomes a real estate investment trust on  
3 the first day it has both met the requirements of Section 856 of the  
4 Internal Revenue Code and has elected to be treated as a real estate  
5 investment trust pursuant to Section 856(c)(1) of the Internal  
6 Revenue Code.

7 SECTION 5. REPEALER Section 1, Chapter 352, O.S.L. 2013,  
8 as amended by Section 1, Chapter 412, O.S.L. 2014 (68 O.S. Supp.  
9 2017, Section 2358.5-1), is hereby repealed.

10 SECTION 6. REPEALER 74 O.S. 2011, Section 5064.7, is  
11 hereby repealed.

12 SECTION 7. REPEALER 74 O.S. 2011, Section 5075, is  
13 hereby repealed.

14 SECTION 8. REPEALER 74 O.S. 2011, Section 5078, is  
15 hereby repealed.

16 SECTION 9. This act shall become effective January 1, 2018.

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18 56-2EX-50351 MAH 02/05/18  
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