

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

SENATE BILL 1792

By: Leewright

AS INTRODUCED

An Act relating to income tax credit; making certain income tax credit refundable for certain establishments that qualify for the credit and certain incentives; requiring attraction or expansion of certain supply chain company; requiring establishment to obtain letter of determination by the Oklahoma Department of Commerce; providing for net benefit computation; requiring submission of certain letter to the Oklahoma Tax Commission; requiring Commission to make certain verification; providing for certain determination of attraction or expansion; defining term; limiting portion of credit to be refundable; requiring refundability of credits to be associated with real property placed into service after certain date; prohibiting refundability from exceeding estimated net benefit; limiting amount of credits refunded in tax year; authorizing the Department and Commission to promulgate rules; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.4A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Subject to the limitations provided in this section, for tax years 2022 through 2030, any manufacturing establishment which has

1 qualified to receive quarterly incentive payments pursuant to  
2 subsection B of Section 3604 of Title 68 of the Oklahoma Statutes  
3 and that also qualifies to receive a credit pursuant to Sections  
4 2357.4 and 3607 of Title 68 of the Oklahoma Statutes may be granted  
5 refundability for tax credit provided in Section 2357.4 of Title 68  
6 of the Oklahoma Statutes if the manufacturing establishment attracts  
7 to this state or causes the expansion in this state of a supply  
8 company who has:

9 1. Created new direct jobs, as defined in Section 3603 of Title  
10 68 of the Oklahoma Statutes, that equal or exceed:

- 11 a. twenty-five in counties with a population of less than  
12 twenty-five thousand (25,000),
- 13 b. fifty in counties with a population of less than fifty  
14 thousand (50,000),
- 15 c. seventy-five in counties with a population of less  
16 than one hundred thousand (100,000), or
- 17 d. one hundred in all other counties; and

18 2. Paid new direct jobs a qualifying average annualized wage  
19 which equals or exceeds the qualifying wage as provided in Section  
20 3604 of Title 68 of the Oklahoma Statutes.

21 B. To be granted refundability for credit pursuant to this  
22 section, the manufacturing establishment must obtain a letter of  
23 determination from the Oklahoma Department of Commerce that the  
24 business activity of the entity will result in a positive net

1 benefit rate, as computed by the Oklahoma Department of Commerce  
2 using the methodology established in subsection D of Section 3607 of  
3 Title 68 of the Oklahoma Statutes. The establishment shall submit a  
4 copy of the letter received from the Department within three (3)  
5 years of having received the letter to the Oklahoma Tax Commission  
6 along with their claim in a manner that shall be determined by the  
7 Commission. To allocate the refundability of credit provided in  
8 this section, the Commission shall verify that the establishment and  
9 the identified supply chain Company have met the requirements  
10 provided in subsection A of this section.

11 C. A manufacturing establishment shall be determined to have  
12 attracted a supply chain company to this state or caused a supply  
13 chain company to expand in this state if the supply chain company  
14 has met the requirements in paragraphs 1 and 2 of subsection A of  
15 this section.

16 D. For the purposes of this section, "supply chain company"  
17 means a company that supplies a manufacturing establishment with  
18 goods or materials needed by the manufacturing company's processing  
19 or operations, or a company that manufactures, distributes,  
20 transports, or otherwise provides logistics services to the  
21 manufacturing establishment. A supply chain company shall not be an  
22 entity which is owned, operated, or controlled by the manufacturing  
23 company.  
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1 E. For each supply chain company attracted to or expanded in  
2 this state, refundability of the credit pursuant to this section  
3 shall not exceed ten percent (10%) of the value of the total income  
4 tax credit received pursuant to Section 2357.4 of Title 68 of the  
5 Oklahoma Statutes associated with real property placed into service  
6 after January 1, 2022, and shall not exceed the estimated net  
7 benefit of the increased business activity as determined by the  
8 Department.

9 F. Tax credits refunded pursuant to this section shall not  
10 exceed Ten Million Dollars (\$10,000,000.00) in a tax year.

11 G. The Oklahoma Tax Commission and the Oklahoma Department of  
12 Commerce may promulgate rules as necessary to enforce the provisions  
13 of this act.

14 SECTION 2. This act shall become effective November 1, 2022.  
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