

OKLAHOMA HOUSE OF REPRESENTATIVES  
COMMITTEE REPORT

5/17/2021 7:00:38 PM

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

**HB2961**

By: Wallace of the House

Thompson of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021;  
effective date.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



\_\_\_\_\_  
Chr.  
Representative Kevin Wallace

YEAS: 27

Baker, Boatman, Dills, Echols, Fetgatter, Ford, Hilbert, Kannady, Lawson, Lepak, Martinez, McBride, McDugle, McEntire, Miller, Mize, Newton, Osburn, Pfeiffer, Roberts (D), Roberts (S), Russ, Sterling, Strom, Wallace, West (J), West (T)

NAYS: 7

Bennett, Blancett, Goodwin, Munson, Nichols, Virgin, Walke

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE  
JOINT  
COMMITTEE REPORT**

May 17, 2021

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2961

By: Wallace of the House and Thompson of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021; effective date.

Recommendation: **DO PASS AS AMENDED**

Aye: Dugger, Haste, Jech, Montgomery, Newhouse, Pederson, Pemberton, Rader, Rosino, Simpson, Weaver, Thompson

Nay: Brooks, Dossett (J.J.), Floyd, Kirt

Constitutional Privilege: Hall

Senator Roger Thompson, Chair

Committee Substitute, motion by Senator THOMPSON - Adopted (Request No: 8295)

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE  
FOR

HOUSE BILL NO. 2961

By: Wallace of the House

and

Thompson of the Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2370, as amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2020, Section 2370), which relates to taxes in lieu of income tax for certain entities; modifying rate of tax; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2370, as amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2020, Section 2370), is amended to read as follows:

Section 2370. A. For taxable years beginning after December 31, ~~1989~~ 2021, for the privilege of doing business within this state, every state banking association, national banking association and credit union organized under the laws of this state, located or

1 doing business within the limits of the State of Oklahoma shall  
2 annually pay to this state a privilege tax at the rate of ~~six~~  
3 ~~percent (6%)~~ four percent (4%) of the amount of the taxable income  
4 as provided in this section.

5 B. 1. The privilege tax levied by this section shall be in  
6 addition to the Business Activity Tax levied in Section 1218 of this  
7 title and the franchise tax levied in Article 12 of this title and  
8 in lieu of the tax levied by Section 2355 of this title and in lieu  
9 of all taxes levied by the State of Oklahoma, or any subdivision  
10 thereof, upon the shares of stock or personal property of any  
11 banking association or credit union subject to taxation under this  
12 section.

13 2. Nothing in this section shall be construed to exempt the  
14 real property of any banking associations or credit unions from  
15 taxation to the same extent, according to its value, as other real  
16 property is taxed. Nothing herein shall be construed to exempt an  
17 association from payment of any fee or tax authorized or levied  
18 pursuant to the banking laws.

19 3. Personal property which is subject to a lease agreement  
20 between a bank or credit union, as lessor, and a nonbanking business  
21 entity or individual, as lessee, is not exempt from personal  
22 property ad valorem taxation. Provided further, that it shall be  
23 the duty of the lessee of such personal property to return sworn  
24 lists or schedules of their taxable property within each county to

1 the county assessor of such county as provided in Sections 2433 and  
2 2434 of this title.

3 C. Any tax levied under this section shall accrue on the last  
4 day of the taxable year and be payable as provided in Section 2375  
5 of this title. The accrual of such tax for the first taxable year  
6 to which this act applies, shall apply notwithstanding the prior  
7 accrual of a tax in the same taxable year based upon the net income  
8 of the next preceding taxable year; provided, however, any  
9 additional deduction enuring to the benefit of the taxpayer shall be  
10 deducted in accordance with the optional transitional deduction  
11 procedures in Section 2354 of this title.

12 D. The basis of the tax shall be United States taxable income  
13 as defined in paragraph 10 of Section 2353 of this title and any  
14 adjustments thereto under the provisions of Section 2358 of this  
15 title with the following adjustments:

16 1. There shall be deducted all interest income on obligations  
17 of the United States government and agencies thereof not otherwise  
18 exempted and all interest income on obligations of the State of  
19 Oklahoma or political subdivisions thereof, including public trust  
20 authorities, not otherwise exempted under the laws of this state;  
21 and

22 2. Expense deductions claimed in arriving at taxable income  
23 under paragraph 10 of Section 2353 of this title shall be reduced by  
24 an amount equal to fifty percent (50%) of excluded interest income

1 on obligations of the United States government or agencies thereof  
2 and obligations of the State of Oklahoma or political subdivisions  
3 thereof.

4 E. 1. Except as otherwise provided in paragraph 2 of this  
5 subsection, before January 1, 2017, there shall be allowed a credit  
6 against the tax levied in subsection A of this section in an amount  
7 equal to the amount of taxable income received by a participating  
8 financial institution as defined in Section 90.2 of Title 62 of the  
9 Oklahoma Statutes pursuant to a loan made under the Rural Economic  
10 Development Loan Act. Such credit shall be limited each year to  
11 five percent (5%) of the amount of annual payroll certified by the  
12 Oklahoma Rural Economic Development Loan Program Review Board  
13 pursuant to the provisions of paragraph 3 of subsection B of Section  
14 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan  
15 made by the participating financial institution and may be claimed  
16 for any number of years necessary until the amount of total credits  
17 claimed is equal to the total amount of taxable income received by  
18 the participating financial institution pursuant to the loan. Any  
19 credit allowed but not used in a taxable year may be carried forward  
20 for a period not to exceed five (5) taxable years. In no event  
21 shall a credit allowed pursuant to the provisions of this subsection  
22 be transferable or refundable.

23 2. No credit otherwise authorized by the provisions of this  
24 subsection may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010 for  
2 which the credit would otherwise be allowable. The provisions of  
3 this paragraph shall cease to be operative on July 1, 2012.  
4 Beginning July 1, 2012, the credit authorized by this subsection may  
5 be claimed for any event, transaction, investment, expenditure or  
6 other act occurring on or after July 1, 2012, according to the  
7 provisions of this subsection.

8 SECTION 2. This act shall become effective January 1, 2022.

9  
10 58-1-8341 JM 05/17/21  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24