

1 ENGROSSED HOUSE  
2 BILL NO. 3418

By: Fetgatter of the House

3 and

4 Montgomery of the Senate

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6  
7 [ revenue and taxation - permanent full expensing for  
8 certain properties -  
9 emergency ]

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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 2358.6A of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Internal Revenue Code" means Title 26 of the United States  
Code also known as the federal Internal Revenue Code of 1986, as  
amended;

2. "Tax Cuts and Jobs Act" means Public Law No. 115-97 (115th  
Congress Public Law 97);

3. "Qualified property" shall have the same meaning as in  
Internal Revenue Code Section 168(k) as the Code existed on January

1 1, 2021, and shall apply to property placed in service after  
2 December 31, 2021;

3 4. "Qualified improvement property" shall have the same meaning  
4 as in Internal Revenue Code Section 168(e)(6) as the Code existed on  
5 January 1, 2021, and shall apply to property placed in service after  
6 December 31, 2021; and

7 5. "Full expensing" or "one hundred percent (100%) bonus  
8 depreciation" means a method for taxpayers to recover costs for  
9 certain expenditures in research and experimentation and depreciable  
10 business assets by immediately deducting the full cost of such  
11 expenditures in the tax year in which the cost is incurred or the  
12 property is placed in service.

13 B. 1. Taxpayers shall have the option for immediate and full  
14 expensing for qualified property and qualified improvement property  
15 as follows:

16 2. For purposes of computing income tax for taxable years  
17 beginning after December 31, 2021, the cost of expenditures for  
18 business assets that are qualified property or qualified improvement  
19 property covered under Section 168 of the Internal Revenue Code  
20 shall be eligible for one hundred percent (100%) bonus depreciation  
21 and may be deducted as an expense incurred by the taxpayer during  
22 the taxable year during which the property is placed in service,  
23 notwithstanding any changes to federal law related to amortization  
24 of cost recovery beginning on or after January 1, 2023, and shall

1 permanently remain fully and immediately deductible as an expense in  
2 the tax year in which the property is placed in service for purposes  
3 of calculating the taxpayer's income; and

4 3. The taxpayer's decision to recover investment costs through  
5 immediate expensing in the year the investment cost is incurred, or  
6 amortized over an amortization schedule, is irrevocable unless  
7 specifically allowed for by the Oklahoma Tax Commission.

8 C. 1. To conform to Section 179 of the Internal Revenue Code,  
9 taxpayers shall be allowed to immediately deduct as an expense the  
10 cost of certain depreciable business assets in the tax year in which  
11 the property is placed in service.

12 2. For purposes of computing income tax for taxable years  
13 beginning after December 31, 2021, taxpayers may elect to treat the  
14 cost of any Section 179 of the Internal Revenue Code property as an  
15 expense which is not chargeable to the capital account. Any cost so  
16 treated shall be allowed as a deduction for the taxable year in  
17 which the Section 179 Internal Revenue Code property is placed in  
18 service.

19 D. The Oklahoma Tax Commission shall, within sixty (60) days of  
20 the effective date of this act, promulgate rules for implementation  
21 of this act which shall conform to the Internal Revenue Code of 1986  
22 and must be consistent with the Internal Revenue Service's rules.  
23 The provisions of this section shall supersede to the extent of any  
24 inconsistency with any administrative rule.

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SECTION 2. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 10th day of March, 2022.

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Presiding Officer of the House  
of Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2022.

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Presiding Officer of the Senate