

<DateSubmitted>

HOUSE OF REPRESENTATIVES
CONFERENCE COMMITTEE REPORT

Mr. President:
Mr. Speaker:

The Conference Committee, to which was referred

HB3418

By: Fetgatter of the House and Montgomery of the Senate

Title: Revenue and taxation; income tax; full expensing; bonus depreciation; emergency.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate recede from its amendment; and
2. By adopting the following conference committee amendment to restore the title to read as follows:

An Act relating to revenue and taxation; defining terms; authorizing permanent full expensing for certain properties; requiring conformity with Internal Revenue Code; authorizing Tax Commission to promulgate rules; and declaring an emergency.

Respectfully submitted,

House Action _____ Date _____ Senate Action _____ Date _____

SENATE CONFEREES: GCCA (must be signed out at a Senate GCCA meeting)

Brooks _____

Dossett _____

Dugger _____

Floyd _____

Hall _____

Haste _____

Howard _____

Jech _____

Kidd _____

Kirt _____

Matthews _____

Montgomery _____

Newhouse _____

Pederson _____

Pemberton _____

Rader _____

Rosino _____

Simpson _____

Weaver _____

Thompson _____

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 3418

By: Fetgatter of the House

and

Montgomery of the Senate

[revenue and taxation - permanent full expensing for
certain properties -
emergency]

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AMENDMENT NO. 1. Page 1, line 12, strike the enacting clause

Passed the Senate the 19th day of April, 2022.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2022.

Presiding Officer of the House
of Representatives

1 ENGROSSED HOUSE
2 BILL NO. 3418

By: Fetgatter of the House

3 and

4 Montgomery of the Senate

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

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

13 SECTION 1. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2358.6A of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

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

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

22 3. "Qualified property" shall have the same meaning as in
23 Internal Revenue Code Section 168(k) as the Code existed on January
24

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.

Presiding Officer of the House
of Representatives

Passed the Senate the ____ day of _____, 2022.

Presiding Officer of the Senate