

COMMITTEE AMENDMENT  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB602 \_\_\_\_\_  
Of the printed Bill  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by  
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: \_\_\_\_\_  
\_\_\_\_\_  
Reading Clerk

Amendment submitted by: Scott Fetgatter  
\_\_\_\_\_

1 PROPOSED SUBCOMMITTEE  
2 SUBSTITUTE FOR  
3 ENGROSSED SENATE  
4 BILL NO. 602

By: Rader of the Senate

and

Fetgatter of the House

PROPOSED SUBCOMMITTEE SUBSTITUTE

8 An Act relating to revenue and taxation; amending  
9 Section 1, Chapter 343, O.S.L. 2022 (68 O.S. Supp.  
10 2022, Section 2358.6a), which relates to bonus  
11 depreciation; clarifying application of depreciation;  
12 clarifying procedure for claiming depreciation;  
13 authorizing filing of amended tax return under  
14 certain conditions; prohibiting Oklahoma Tax  
Commission from assessing penalties or interest under  
certain conditions; and providing an effective date.

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

16 SECTION 1. AMENDATORY Section 1, Chapter 343, O.S.L.  
17 2022 (68 O.S. Supp. 2022, Section 2358.6a), is amended to read as  
18 follows:

19 Section 2358.6a A. As used in this section:

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

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

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

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

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

15       B. Taxpayers shall have the option for immediate and full  
16 expensing for qualified property and qualified improvement property  
17 as follows:

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

1 notwithstanding any changes to federal law related to amortization  
2 of cost recovery beginning on or after January 1, 2023, and shall  
3 permanently remain fully and immediately deductible as an expense in  
4 the tax year in which the property is placed in service for purposes  
5 of calculating the taxpayer's income; ~~and~~

6       2. If a taxpayer elects immediate and full expensing of  
7 qualified property or qualified improvement property, any  
8 depreciation calculated and claimed pursuant to this section shall  
9 in no event be a duplication of any depreciation or bonus  
10 depreciation allowed or permitted on the federal income tax return  
11 of the taxpayer. For income tax returns filed on or after January  
12 1, 2023, federal taxable income shall be increased by the amount of  
13 depreciation received under the Internal Revenue Code for the  
14 qualified property or qualified improvement property for which the  
15 election has been made to immediately and fully expense the asset on  
16 the Oklahoma income tax return for the year in which the property  
17 was placed in service. A taxpayer filing a return for which federal  
18 taxable income is not increased as provided for in this section  
19 prior to October 1, 2023, shall file an amended return reflecting  
20 such increase not later than June 30, 2024. The Tax Commission  
21 shall not assess penalties or interest with respect to the failure  
22 to reflect such increase if a correct amended return is filed as  
23 required herein; and

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

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

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

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

22       SECTION 2. This act shall become effective November 1, 2023.  
23

24       59-1-8086           AQH       04/03/23