

1 ENGROSSED HOUSE  
2 BILL NO. 4092

By: Caldwell (Trey) and West  
(Rick) of the House

3 and

4 Jech of the Senate

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6  
7 [ revenue and taxation - banks - associations -  
8 credit unions - associations - institutions -  
9 deductions - loans - terms - effective date ]  
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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2370, is  
15 amended to read as follows:

16 Section 2370. A. For taxable years beginning after December  
17 31, 2021, for the privilege of doing business within this state,  
18 every state banking association, national banking association and  
19 credit union organized under the laws of this state, located or  
20 doing business within the limits of the State of Oklahoma shall  
21 annually pay to this state a privilege tax at the rate of four  
22 percent (4%) of the amount of the taxable income as provided in this  
23 section.  
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1 B. 1. The privilege tax levied by this section shall be in  
2 addition to the Business Activity Tax levied in Section 1218 of this  
3 title and the franchise tax levied in Article 12 of this title and  
4 in lieu of the tax levied by Section 2355 of this title and in lieu  
5 of all taxes levied by the State of Oklahoma, or any subdivision  
6 thereof, upon the shares of stock or personal property of any  
7 banking association or credit union subject to taxation under this  
8 section.

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

15 3. Personal property which is subject to a lease agreement  
16 between a bank or credit union, as lessor, and a nonbanking business  
17 entity or individual, as lessee, is not exempt from personal  
18 property ad valorem taxation. Provided further, that it shall be  
19 the duty of the lessee of such personal property to return sworn  
20 lists or schedules of their taxable property within each county to  
21 the county assessor of such county as provided in Sections 2433 and  
22 2434 of this title.

23 C. Any tax levied under this section shall accrue on the last  
24 day of the taxable year and be payable as provided in Section 2375

1 of this title. The accrual of such tax for the first taxable year  
2 to which this act applies, shall apply notwithstanding the prior  
3 accrual of a tax in the same taxable year based upon the net income  
4 of the next preceding taxable year; provided, however, any  
5 additional deduction enuring to the benefit of the taxpayer shall be  
6 deducted in accordance with the optional transitional deduction  
7 procedures in Section 2354 of this title.

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

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

18 2. Expense deductions claimed in arriving at taxable income  
19 under paragraph 10 of Section 2353 of this title shall be reduced by  
20 an amount equal to fifty percent (50%) of excluded interest income  
21 on obligations of the United States government or agencies thereof  
22 and obligations of the State of Oklahoma or political subdivisions  
23 thereof.

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

20 2. No credit otherwise authorized by the provisions of this  
21 subsection may be claimed for any event, transaction, investment,  
22 expenditure or other act occurring on or after July 1, 2010, for  
23 which the credit would otherwise be allowable. The provisions of  
24 this paragraph shall cease to be operative on July 1, 2012.

1 Beginning July 1, 2012, the credit authorized by this subsection may  
2 be claimed for any event, transaction, investment, expenditure or  
3 other act occurring on or after July 1, 2012, according to the  
4 provisions of this subsection.

5 F. For all taxable years commencing after December 31, 2023,  
6 national banking associations, state banks, trust companies, savings  
7 and loan associations, and other lending institutions shall be  
8 allowed as a deduction from net income, as defined in this  
9 subsection, the net interest income received from qualified  
10 agricultural real estate loans attributed to Oklahoma, net interest  
11 income received from agriculture operating loans attributed to  
12 Oklahoma, and the net interest income received from single family  
13 residence loans attributed to Oklahoma, to the extent such interest  
14 is included in the Oklahoma taxable income of a corporation.

15 As used in this subsection:

16 1. "Interest" means interest on an indebtedness attributed to  
17 Oklahoma and incurred in the ordinary course of the active conduct  
18 of any business and interest on indebtedness incurred that is  
19 secured by a single family residence;

20 2. "Qualified agricultural real estate loans" means loans made  
21 on real property that are substantially used for the production of  
22 one or more agricultural products and:

23 a. have maturities of not less than five (5) years and  
24 not more than forty (40) years,

1        b. are secured by a first lien interest in real estate,  
2        except that the loans may be secured by a second lien  
3        interest if the institution also holds the first lien  
4        on the real property, and

5        c. have an outstanding loan balance, which when made, is  
6        less than eighty-five (85%) percent of the appraised  
7        value of the real estate, except loans for which  
8        private mortgage insurance is obtained may exceed  
9        eighty-five percent (85%) of the appraised value of  
10       the real estate to the extent a loan amount in excess  
11       of eighty-five (85%) percent is covered by such  
12       insurance;

13       3. "Agriculture Operating Loans" means loans made for the  
14       purpose of:

15       a. the purchase, care, feeding, or refinancing of  
16       livestock or poultry,

17       b. purchasing seed, and

18       c. the purchase and maintenance of equipment, which shall  
19       include, but is not limited to, fences, barns, sheds,  
20       tractors, combines, and vehicles;

21       4. "Single family residence" means a residence that:

22       a. is the principal residence of its occupant,

23       b. is located in Oklahoma, in a rural area that is not

24       within the city limits of a town with a population of

1                   five thousand (5,000) or more as determined by the  
2                   most recent census for which data is available, and  
3            c.    is purchased or improved with the proceeds of the  
4                   loan;

5            5. "Net interest income received from qualified agricultural  
6 real estate loans attributed to Oklahoma" means the product of the  
7 ratio of the interest income earned on qualified agricultural real  
8 estate loans over total interest income earned, in relation to the  
9 net income of the national banking association, state bank, trust  
10 company, savings and loan association, or other lending institution  
11 without regard to this deduction;

12            6. "Net interest income received from agricultural operating  
13 loans attributed to Oklahoma" means the product of the ratio of the  
14 interest income earned on agricultural operating loans over total  
15 interest income earned, in relation to the net income of the  
16 national banking association, state bank, trust company, savings and  
17 loan association, or other lending institution without regard to  
18 this deduction; and

19            7. "Net interest income received from single family residence  
20 loans attributed to Oklahoma" means the product of the ratio of the  
21 interest income earned on single family residence loans over total  
22 interest income earned, in relation to the net income of the  
23 national banking association, state bank, trust company, savings and  
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1 loan association, or other lending institution without regard to  
2 this deduction.

3 SECTION 2. This act shall become effective November 1, 2024.

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5 Passed the House of Representatives the 11th day of March, 2024.

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Presiding Officer of the House  
of Representatives

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10 Passed the Senate the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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Presiding Officer of the Senate

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