

1 ENGROSSED SENATE
BILL NO. 311

By: Rader and Bergstrom of the
Senate

3 and

4 Boatman of the House

5
6 An Act relating to income tax incentives; amending 74
7 O.S. 2021, Section 5064.7, which relates to
8 incentives for products developed and manufactured in
9 this state; limiting qualification; limiting certain
10 credit and exemption to certain taxable years; and
11 providing an effective date.

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

13 SECTION 1. AMENDATORY 74 O.S. 2021, Section 5064.7, is
14 amended to read as follows:

15 Section 5064.7. A. The following incentives shall be available
16 to inventors for products developed and manufactured in this state
17 and to instate manufacturers of said products; provided, to qualify
18 for the incentives, the product shall be patented or have patent
19 pending pursuant to federal law and shall be registered with the
20 Oklahoma Center for the Advancement of Science and Technology
(OCAST) before November 1, 2023:

21 1. Royalty earned by an inventor from a product developed and
22 manufactured in this state shall be exempt from state income tax for
23 a period of seven (7) years from January 1 of the first year in
24

1 which such royalty is received as long as the manufacturer remains
2 in the state; and

3 2. An instate manufacturer of a product developed in this state
4 by an inventor shall be eligible for a tax credit, as provided for
5 in Section 2357.4 of Title 68 of the Oklahoma Statutes, for property
6 placed in service during tax years 1987 through 2023. In addition
7 such manufacturer may exclude from Oklahoma taxable income, or in
8 the case of an individual, the Oklahoma adjusted gross income,
9 sixty-five percent (65%) of the cost of depreciable property
10 purchased and utilized directly in manufacturing the product. The
11 maximum exclusion shall not exceed Five Hundred Thousand Dollars
12 (\$500,000.00). If the exclusion allowed by this paragraph exceeds
13 the Oklahoma taxable income, or in the case of an individual, the
14 Oklahoma adjusted gross income, the amount of the exclusion that is
15 in excess of such income may be carried forward as an exclusion
16 against subsequent Oklahoma taxable income or in the case of an
17 individual, subsequent Oklahoma adjusted gross income, for a period
18 not to exceed four (4) years. For the purposes of this paragraph,
19 "depreciable property" means machinery, fixtures, equipment,
20 buildings, or substantial improvements thereto, placed in service in
21 this state during the taxable ~~year~~ years 1987 through 2023.

22 B. The Oklahoma Tax Commission, in conjunction with the
23 Oklahoma Center for the Advancement of Science and Technology, shall
24 promulgate rules to implement the provisions of this section.

