

**FLOOR AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB1477 \_\_\_\_\_  
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: \_\_\_\_\_

Amendment submitted by: Charles McCall

\_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 FLOOR SUBSTITUTE  
4 FOR ENGROSSED

5 SENATE BILL NO. 1477

By: Treat of the Senate

and

McCall of the House

6  
7  
8  
9 FLOOR SUBSTITUTE

10 An Act relating to income tax credit; amending 68  
11 O.S. 2021, Section 205.2, which relates to claims for  
12 deduction of refund; prohibiting claims for deduction  
13 from certain tax credit; amending 68 O.S. 2021,  
14 Section 2358, as amended by Section 1, Chapter 377,  
15 O.S.L. 2022 (68 O.S. Supp. 2023, Section 2358), which  
16 relates to adjustments to arrive at taxable income;  
17 providing exemption for certain tax credits received;  
18 amending Section 2, Chapter 278, O.S.L. 2023 (70 O.S.  
19 Supp. 2023, Section 28-101), which relates to the  
20 Oklahoma Parental Choice Tax Credit Act; modifying  
21 definitions; modifying income limitations; allowing  
22 certain credit to qualifying students; establishing  
23 credit amount for private schools serving certain  
24 student populations; prohibiting the use of tax  
credit to offset certain accrued liabilities;  
modifying annual credit limitations; prohibiting the  
Oklahoma Tax Commission from requiring certain  
taxpayers to reapply for certain credit; providing  
for calculation of credit amount; modifying  
limitations on credits allowed during certain fiscal  
years; exempting certain eligible taxpayers from  
providing additional income verification; requiring  
submission of enrollment verification form;  
prescribing application period; requiring credits and  
payments to be allocated by certain dates; providing  
deadline to receive priority consideration; providing  
for prorated credit; allowing certain reallocation of  
credits; requiring certain notification; requiring

1 the Commission to update certain information monthly;  
2 requiring the Commission to publish additional  
3 information; prohibiting credits from being  
4 considered taxable income; updating statutory  
5 references; updating statutory language; and  
6 declaring an emergency.

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

8 SECTION 1. AMENDATORY 68 O.S. 2021, Section 205.2, is  
9 amended to read as follows:

10 Section 205.2. A. For purposes of this section, a "qualified  
11 entity" shall mean a:

- 12 1. State agency;
- 13 2. Municipal court;
- 14 3. District court;
- 15 4. Public housing authority operating pursuant to Section 1062  
16 of Title 63 of the Oklahoma Statutes;
- 17 5. District attorney seeking to collect unpaid court-ordered  
18 monetary obligations; or
- 19 6. The designee of an entity described in paragraphs 1 through  
20 5 of this subsection.

21 B. A qualified entity seeking to collect a debt, unpaid  
22 municipal or district court fines and costs or final judgment of at  
23 least Fifty Dollars (\$50.00) from an individual who has filed a  
24 state income tax return may file a claim with the Oklahoma Tax

1 Commission requesting that the amount owed to the qualified entity  
2 be deducted from any state income tax refund due to that individual.  
3 The claim shall be filed electronically in a form prescribed by the  
4 Tax Commission and shall contain information necessary to identify  
5 the person owing the debt, including the full name and Social  
6 Security number of the debtor.

7 1. Upon receiving a claim from a qualified entity, the Tax  
8 Commission shall deduct the claim amount, plus collection expenses  
9 as provided in this section, from the tax refund due to the debtor  
10 and transfer the amount to the qualified entity. Provided, the Tax  
11 Commission need not report available funds of less than Fifty  
12 Dollars (\$50.00).

13 2. The qualified entity shall send notice to the debtor by  
14 regular mail at the last-known address of the debtor as shown by the  
15 records of the Tax Commission when seeking to collect a debt not  
16 reduced to final judgment. The qualified entity shall send notice  
17 to the judgment debtor or defendant by first-class mail at the last-  
18 known address of the judgment debtor or defendant as shown by the  
19 records of the Tax Commission when seeking to collect a final  
20 judgment or unpaid court fines and costs. The Tax Commission shall  
21 provide in an agreed electronic format to the Department of Human  
22 Services the amount withheld by the Tax Commission, the home address  
23 and the Social Security number of the taxpayer. The notice shall  
24 state:

- 1 a. that a claim has been filed with the Tax Commission  
2 for any portion of the tax refund due to the debtor or  
3 defendant which would satisfy the debt, unpaid court  
4 fines and costs, or final judgment in full or in part,  
5 b. the basis for the claim,  
6 c. that the Tax Commission has deducted an amount from  
7 the refund and remitted it to such qualified entity,  
8 d. that the debtor or defendant has the right to contest  
9 the claim by sending a written request to the  
10 qualified entity for a hearing to protest the claim,  
11 and if the debtor or defendant fails to apply for a  
12 hearing within sixty (60) days after the date of the  
13 mailing of the notice, the debtor or defendant shall  
14 be deemed to have waived his or her opportunity to  
15 contest the claim. Provided, if the claim was filed  
16 by the Department of Human Services, the notice shall  
17 state that the debtor must contest the claim by  
18 sending a written request to the Department within  
19 thirty (30) days after the date of the mailing of the  
20 notice, and  
21 e. that a collection expense of five percent (5%) of the  
22 gross proceeds owed to the qualified entity has been  
23 charged to the debtor or defendant and withheld from  
24 the refund.

1           3. If the qualified entity determines that a refund is due to  
2 the taxpayer, the qualified entity shall reimburse the amount  
3 claimed plus the five-percent collection expense to the taxpayer.  
4 The qualified entity may request reimbursement of the two-percent  
5 collection expense retained by the Tax Commission. Such request  
6 must be made within ninety (90) days of reimbursement to the  
7 taxpayer. If timely requested, the Tax Commission shall make such  
8 reimbursement to the qualified entity within ninety (90) days of the  
9 request.

10           4. In the case of a joint return, the notice shall state:

- 11           a. the name of any taxpayer named in the return against  
12           whom no debt, no unpaid court fines and costs, or  
13           final judgment is claimed,
- 14           b. the fact that a debt, unpaid court fines and costs, or  
15           final judgment is not claimed against the taxpayer,
- 16           c. the fact that the taxpayer is entitled to receive a  
17           refund if it is due regardless of the debt, court  
18           fines and costs, or final judgment asserted against  
19           the debtor or defendant,
- 20           d. that in order to obtain the refund due, the taxpayer  
21           must apply, in writing, for a hearing with the  
22           qualified entity named in the notice within sixty (60)  
23           days after the date of the mailing of the notice.

24           Provided, if the claim was filed by the Department of

1 Human Services, the notice shall state that the  
2 taxpayer must apply, in writing, for a hearing with  
3 the Department within thirty (30) days after the date  
4 of the mailing of the notice, and

5 e. if the taxpayer against whom no debt, no unpaid court  
6 fines and costs, or final judgment is claimed fails to  
7 apply in writing for a hearing within sixty (60) days  
8 after the mailing of the notice, the taxpayer shall  
9 have waived his or her right to a refund. Provided,  
10 if the claim was filed by the Department of Human  
11 Services, the notice shall state that if the taxpayer  
12 fails to apply in writing for a hearing with the  
13 Department within thirty (30) days after the date of  
14 the mailing of the notice, the taxpayer shall have  
15 waived his or her right to a refund.

16 C. If the qualified entity asserting the claim receives a  
17 written request for a hearing from the debtor or taxpayer against  
18 whom no debt, no court fines and costs, or final judgment is  
19 claimed, the qualified entity shall grant a hearing according to the  
20 provisions of the Administrative Procedures Act. It shall be  
21 determined at the hearing whether the claimed sum is correct or  
22 whether an adjustment to the claim shall be made. Pending final  
23 determination at the hearing of the validity of the debt, unpaid  
24 court fines and costs, or final judgment asserted by the qualified

1 entity, no action shall be taken in furtherance of the collection of  
2 the debt, unpaid court fines and costs, or final judgment. Appeals  
3 from actions taken at the hearing shall be in accordance with the  
4 provisions of the Administrative Procedures Act.

5 D. Upon final determination at a hearing, as provided for in  
6 subsection C of this section, of the amount of the debt, unpaid  
7 court fines and costs, or final judgment, or upon failure of the  
8 debtor or taxpayer against whom no debt, no unpaid court fines and  
9 costs, or final judgment is claimed to request such a hearing, the  
10 qualified entity shall apply the amount of the claim to the debt  
11 owed. Any amounts held by the qualified entity in excess of the  
12 final determination of the debt and collection expense shall be  
13 refunded by the qualified entity to the taxpayer. However, if the  
14 tax refund due is inadequate to pay the collection expense and debt,  
15 unpaid court fines and costs, or final judgment, the balance due the  
16 qualified entity shall be a continuing debt or final judgment until  
17 paid in full.

18 E. Upon receipt of a claim as provided in subsection A of this  
19 section, the Tax Commission shall:

20 1. Deduct from the refund five percent (5%) of the gross  
21 proceeds owed to the qualified entity, and distribute it by  
22 retaining two percent (2%) and transferring three percent (3%) to  
23 the qualified entity, as an expense of collection. The two percent  
24



1 (2%) retained by the Tax Commission shall be deposited in the  
2 Oklahoma Tax Commission Fund;

3 2. Transfer the amount of the claimed debt, unpaid court fines  
4 and costs, or final judgment or so much thereof as is available to  
5 the qualified entity;

6 3. Notify the debtor in writing as to how the refund was  
7 applied; and

8 4. Refund to the debtor any balance remaining after deducting  
9 the collection expense and debt, unpaid court fines and costs, or  
10 final judgment.

11 F. The Tax Commission shall deduct from any state tax refund  
12 due to a taxpayer the amount of delinquent state tax and penalty and  
13 interest thereon, which such taxpayer owes pursuant to any state tax  
14 law prior to payment of such refund.

15 G. The Tax Commission shall have first priority over all other  
16 qualified entities when the Tax Commission is collecting a debt,  
17 court fines and costs, or final judgment pursuant to the provisions  
18 of this section. Subsequent to the Tax Commission priority, a claim  
19 filed by the Department of Human Services for the collection of  
20 child support and spousal support shall have priority over all other  
21 claims filed pursuant to this section. Priority in multiple claims  
22 by other qualified entities pursuant to the provisions of this  
23 section shall be in the order in time in which the Tax Commission  
24

1 receives the claim from the qualified entities required by the  
2 provisions of subsection B of this section.

3 H. The Tax Commission shall prescribe or approve forms and  
4 promulgate rules and regulations for implementing the provisions of  
5 this section.

6 I. The information obtained by a qualified entity from the Tax  
7 Commission pursuant to the provisions of this section shall be used  
8 only to aid in collection of the debt, unpaid court fines and costs,  
9 or final judgment owed to the qualified entity. Disclosure of the  
10 information for any other purpose shall constitute a misdemeanor.  
11 Any employee of a qualified entity or person convicted of violating  
12 this provision shall be subject to a fine not exceeding One Thousand  
13 Dollars (\$1,000.00) or imprisonment in the county jail for a term  
14 not exceeding one (1) year, or both fine and imprisonment and, if  
15 still employed by the qualified entity, shall be dismissed from  
16 employment.

17 J. The Tax Commission may employ the procedures provided by  
18 this section in order to collect a debt owed to the Internal Revenue  
19 Service if the Internal Revenue Service requires such procedure as a  
20 condition to providing information to the Commission concerning  
21 federal income tax.

22 K. The provisions of this section shall not apply to claims  
23 filed under the provisions of Section 2906 or Section 5011 of this  
24 title or Section 28-101 of Title 70.

1 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2358, as  
2 amended by Section 1, Chapter 377, O.S.L. 2022 (68 O.S. Supp. 2023,  
3 Section 2358), is amended to read as follows:

4 Section 2358. For all tax years beginning after December 31,  
5 1981, taxable income and adjusted gross income shall be adjusted to  
6 arrive at Oklahoma taxable income and Oklahoma adjusted gross income  
7 as required by this section.

8 A. The taxable income of any taxpayer shall be adjusted to  
9 arrive at Oklahoma taxable income for corporations and Oklahoma  
10 adjusted gross income for individuals, as follows:

11 1. There shall be added interest income on obligations of any  
12 state or political subdivision thereto which is not otherwise  
13 exempted pursuant to other laws of this state, to the extent that  
14 such interest is not included in taxable income and adjusted gross  
15 income.

16 2. There shall be deducted amounts included in such income that  
17 the state is prohibited from taxing because of the provisions of the  
18 Federal Constitution, the State Constitution, federal laws or laws  
19 of Oklahoma.

20 3. The amount of any federal net operating loss deduction shall  
21 be adjusted as follows:

22 a. For carryovers and carrybacks to taxable years  
23 beginning before January 1, 1981, the amount of any  
24 net operating loss deduction allowed to a taxpayer for

1 federal income tax purposes shall be reduced to an  
2 amount which is the same portion thereof as the loss  
3 from sources within this state, as determined pursuant  
4 to this section and Section 2362 of this title, for  
5 the taxable year in which such loss is sustained is of  
6 the total loss for such year;

7 b. For carryovers and carrybacks to taxable years

8 beginning after December 31, 1980, the amount of any  
9 net operating loss deduction allowed for the taxable  
10 year shall be an amount equal to the aggregate of the  
11 Oklahoma net operating loss carryovers and carrybacks  
12 to such year. Oklahoma net operating losses shall be  
13 separately determined by reference to Section 172 of  
14 the Internal Revenue Code, 26 U.S.C., Section 172, as  
15 modified by the Oklahoma Income Tax Act, Section 2351  
16 et seq. of this title, and shall be allowed without  
17 regard to the existence of a federal net operating  
18 loss. For tax years beginning after December 31,  
19 2000, and ending before January 1, 2008, the years to  
20 which such losses may be carried shall be determined  
21 solely by reference to Section 172 of the Internal  
22 Revenue Code, 26 U.S.C., Section 172, with the  
23 exception that the terms "net operating loss" and  
24 "taxable income" shall be replaced with "Oklahoma net

1 operating loss" and "Oklahoma taxable income". For  
2 tax years beginning after December 31, 2007, and  
3 ending before January 1, 2009, years to which such  
4 losses may be carried back shall be limited to two (2)  
5 years. For tax years beginning after December 31,  
6 2008, the years to which such losses may be carried  
7 back shall be determined solely by reference to  
8 Section 172 of the Internal Revenue Code, 26 U.S.C.,  
9 Section 172, with the exception that the terms "net  
10 operating loss" and "taxable income" shall be replaced  
11 with "Oklahoma net operating loss" and "Oklahoma  
12 taxable income".

13 4. Items of the following nature shall be allocated as  
14 indicated. Allowable deductions attributable to items separately  
15 allocable in subparagraphs a, b and c of this paragraph, whether or  
16 not such items of income were actually received, shall be allocated  
17 on the same basis as those items:

- 18 a. Income from real and tangible personal property, such  
19 as rents, oil and mining production or royalties, and  
20 gains or losses from sales of such property, shall be  
21 allocated in accordance with the situs of such  
22 property;
- 23 b. Income from intangible personal property, such as  
24 interest, dividends, patent or copyright royalties,

1 and gains or losses from sales of such property, shall  
2 be allocated in accordance with the domiciliary situs  
3 of the taxpayer, except that:

4 (1) where such property has acquired a nonunitary  
5 business or commercial situs apart from the  
6 domicile of the taxpayer such income shall be  
7 allocated in accordance with such business or  
8 commercial situs; interest income from  
9 investments held to generate working capital for  
10 a unitary business enterprise shall be included  
11 in apportionable income; a resident trust or  
12 resident estate shall be treated as having a  
13 separate commercial or business situs insofar as  
14 undistributed income is concerned, but shall not  
15 be treated as having a separate commercial or  
16 business situs insofar as distributed income is  
17 concerned,

18 (2) for taxable years beginning after December 31,  
19 2003, capital or ordinary gains or losses from  
20 the sale of an ownership interest in a publicly  
21 traded partnership, as defined by Section 7704(b)  
22 of the Internal Revenue Code, shall be allocated  
23 to this state in the ratio of the original cost  
24 of such partnership's tangible property in this

1 state to the original cost of such partnership's  
2 tangible property everywhere, as determined at  
3 the time of the sale; if more than fifty percent  
4 (50%) of the value of the partnership's assets  
5 consists of intangible assets, capital or  
6 ordinary gains or losses from the sale of an  
7 ownership interest in the partnership shall be  
8 allocated to this state in accordance with the  
9 sales factor of the partnership for its first  
10 full tax period immediately preceding its tax  
11 period during which the ownership interest in the  
12 partnership was sold; the provisions of this  
13 division shall only apply if the capital or  
14 ordinary gains or losses from the sale of an  
15 ownership interest in a partnership do not  
16 constitute qualifying gain receiving capital  
17 treatment as defined in subparagraph a of  
18 paragraph 2 of subsection F of this section,

19 (3) income from such property which is required to be  
20 allocated pursuant to the provisions of paragraph  
21 5 of this subsection shall be allocated as herein  
22 provided;

23 c. Net income or loss from a business activity which is  
24 not a part of business carried on within or without

1 the state of a unitary character shall be separately  
2 allocated to the state in which such activity is  
3 conducted;

4 d. In the case of a manufacturing or processing  
5 enterprise the business of which in ~~Oklahoma~~ this  
6 state consists solely of marketing its products by:

7 (1) sales having a situs without this state, shipped  
8 directly to a point from without the state to a  
9 purchaser within the state, commonly known as  
10 interstate sales,

11 (2) sales of the product stored in public warehouses  
12 within the state pursuant to "in transit"  
13 tariffs, as prescribed and allowed by the  
14 Interstate Commerce Commission, to a purchaser  
15 within the state,

16 (3) sales of the product stored in public warehouses  
17 within the state where the shipment to such  
18 warehouses is not covered by "in transit"  
19 tariffs, as prescribed and allowed by the  
20 Interstate Commerce Commission, to a purchaser  
21 within or without the state,

22 the Oklahoma net income shall, at the option of the  
23 taxpayer, be that portion of the total net income of  
24 the taxpayer for federal income tax purposes derived



1 from the manufacture and/or processing and sales  
2 everywhere as determined by the ratio of the sales  
3 defined in this section made to the purchaser within  
4 the state to the total sales everywhere. The term  
5 "public warehouse" as used in this subparagraph means  
6 a licensed public warehouse, the principal business of  
7 which is warehousing merchandise for the public;

8 e. In the case of insurance companies, Oklahoma taxable  
9 income shall be taxable income of the taxpayer for  
10 federal tax purposes, as adjusted for the adjustments  
11 provided pursuant to the provisions of paragraphs 1  
12 and 2 of this subsection, apportioned as follows:

13 (1) except as otherwise provided by division (2) of  
14 this subparagraph, taxable income of an insurance  
15 company for a taxable year shall be apportioned  
16 to this state by multiplying such income by a  
17 fraction, the numerator of which is the direct  
18 premiums written for insurance on property or  
19 risks in this state, and the denominator of which  
20 is the direct premiums written for insurance on  
21 property or risks everywhere. For purposes of  
22 this subsection, the term "direct premiums  
23 written" means the total amount of direct  
24 premiums written, assessments and annuity

1 considerations as reported for the taxable year  
2 on the annual statement filed by the company with  
3 the Insurance Commissioner in the form approved  
4 by the National Association of Insurance  
5 Commissioners, or such other form as may be  
6 prescribed in lieu thereof,

7 (2) if the principal source of premiums written by an  
8 insurance company consists of premiums for  
9 reinsurance accepted by it, the taxable income of  
10 such company shall be apportioned to this state  
11 by multiplying such income by a fraction, the  
12 numerator of which is the sum of (a) direct  
13 premiums written for insurance on property or  
14 risks in this state, plus (b) premiums written  
15 for reinsurance accepted in respect of property  
16 or risks in this state, and the denominator of  
17 which is the sum of (c) direct premiums written  
18 for insurance on property or risks everywhere,  
19 plus (d) premiums written for reinsurance  
20 accepted in respect of property or risks  
21 everywhere. For purposes of this paragraph,  
22 premiums written for reinsurance accepted in  
23 respect of property or risks in this state,  
24 whether or not otherwise determinable, may at the

1 election of the company be determined on the  
2 basis of the proportion which premiums written  
3 for insurance accepted from companies  
4 commercially domiciled in ~~Oklahoma~~ this state  
5 bears to premiums written for reinsurance  
6 accepted from all sources, or alternatively in  
7 the proportion which the sum of the direct  
8 premiums written for insurance on property or  
9 risks in this state by each ceding company from  
10 which reinsurance is accepted bears to the sum of  
11 the total direct premiums written by each such  
12 ceding company for the taxable year.

13 5. The net income or loss remaining after the separate  
14 allocation in paragraph 4 of this subsection, being that which is  
15 derived from a unitary business enterprise, shall be apportioned to  
16 this state on the basis of the arithmetical average of three factors  
17 consisting of property, payroll and sales or gross revenue  
18 enumerated as subparagraphs a, b and c of this paragraph. Net  
19 income or loss as used in this paragraph includes that derived from  
20 patent or copyright royalties, purchase discounts, and interest on  
21 accounts receivable relating to or arising from a business activity,  
22 the income from which is apportioned pursuant to this subsection,  
23 including the sale or other disposition of such property and any  
24 other property used in the unitary enterprise. Deductions used in

1 computing such net income or loss shall not include taxes based on  
2 or measured by income. Provided, for corporations whose property  
3 for purposes of the tax imposed by Section 2355 of this title has an  
4 initial investment cost equaling or exceeding Two Hundred Million  
5 Dollars (\$200,000,000.00) and such investment is made on or after  
6 July 1, 1997, or for corporations which expand their property or  
7 facilities in this state and such expansion has an investment cost  
8 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)  
9 over a period not to exceed three (3) years, and such expansion is  
10 commenced on or after January 1, 2000, the three factors shall be  
11 apportioned with property and payroll, each comprising twenty-five  
12 percent (25%) of the apportionment factor and sales comprising fifty  
13 percent (50%) of the apportionment factor. The apportionment  
14 factors shall be computed as follows:

15       a. The property factor is a fraction, the numerator of  
16            which is the average value of the taxpayer's real and  
17            tangible personal property owned or rented and used in  
18            this state during the tax period and the denominator  
19            of which is the average value of all the taxpayer's  
20            real and tangible personal property everywhere owned  
21            or rented and used during the tax period.

22           (1) Property, the income from which is separately  
23                allocated in paragraph 4 of this subsection,  
24                shall not be included in determining this

1 fraction. The numerator of the fraction shall  
2 include a portion of the investment in  
3 transportation and other equipment having no  
4 fixed situs, such as rolling stock, buses, trucks  
5 and trailers, including machinery and equipment  
6 carried thereon, airplanes, salespersons'  
7 automobiles and other similar equipment, in the  
8 proportion that miles traveled in ~~Oklahoma~~ this  
9 state by such equipment bears to total miles  
10 traveled,

11 (2) Property owned by the taxpayer is valued at its  
12 original cost. Property rented by the taxpayer  
13 is valued at eight times the net annual rental  
14 rate. Net annual rental rate is the annual  
15 rental rate paid by the taxpayer, less any annual  
16 rental rate received by the taxpayer from  
17 subrentals,

18 (3) The average value of property shall be determined  
19 by averaging the values at the beginning and  
20 ending of the tax period but the Oklahoma Tax  
21 Commission may require the averaging of monthly  
22 values during the tax period if reasonably  
23 required to reflect properly the average value of  
24 the taxpayer's property;

1           b.    The payroll factor is a fraction, the numerator of  
2                which is the total compensation for services rendered  
3                in the state during the tax period, and the  
4                denominator of which is the total compensation for  
5                services rendered everywhere during the tax period.  
6                "Compensation", as used in this subsection, means  
7                those paid-for services to the extent related to the  
8                unitary business but does not include officers'  
9                salaries, wages and other compensation.

10           (1)   In the case of a transportation enterprise, the  
11                numerator of the fraction shall include a portion  
12                of such expenditure in connection with employees  
13                operating equipment over a fixed route, such as  
14                railroad employees, airline pilots, or bus  
15                drivers, in this state only a part of the time,  
16                in the proportion that mileage traveled in  
17                ~~Oklahoma~~ this state bears to total mileage  
18                traveled by such employees,

19           (2)   In any case the numerator of the fraction shall  
20                include a portion of such expenditures in  
21                connection with itinerant employees, such as  
22                traveling salespersons, in this state only a part  
23                of the time, in the proportion that time spent in  
24

1           ~~Oklahoma~~ this state bears to total time spent in  
2           furtherance of the enterprise by such employees;

3       c.   The sales factor is a fraction, the numerator of which  
4           is the total sales or gross revenue of the taxpayer in  
5           this state during the tax period, and the denominator  
6           of which is the total sales or gross revenue of the  
7           taxpayer everywhere during the tax period. "Sales",  
8           as used in this subsection, does not include sales or  
9           gross revenue which are separately allocated in  
10          paragraph 4 of this subsection.

11       (1)   Sales of tangible personal property have a situs  
12           in this state if the property is delivered or  
13           shipped to a purchaser other than the United  
14           States government, within this state regardless  
15           of the FOB point or other conditions of the sale;  
16           or the property is shipped from an office, store,  
17           warehouse, factory or other place of storage in  
18           this state and (a) the purchaser is the United  
19           States government or (b) the taxpayer is not  
20           doing business in the state of the destination of  
21           the shipment.

22       (2)   In the case of a railroad or interurban railway  
23           enterprise, the numerator of the fraction shall  
24           not be less than the allocation of revenues to

1 this state as shown in its annual report to the  
2 Corporation Commission.

3 (3) In the case of an airline, truck or bus  
4 enterprise or freight car, tank car, refrigerator  
5 car or other railroad equipment enterprise, the  
6 numerator of the fraction shall include a portion  
7 of revenue from interstate transportation in the  
8 proportion that interstate mileage traveled in  
9 ~~Oklahoma~~ this state bears to total interstate  
10 mileage traveled.

11 (4) In the case of an oil, gasoline or gas pipeline  
12 enterprise, the numerator of the fraction shall  
13 be either the total of traffic units of the  
14 enterprise within ~~Oklahoma~~ this state or the  
15 revenue allocated to ~~Oklahoma~~ this state based  
16 upon miles moved, at the option of the taxpayer,  
17 and the denominator of which shall be the total  
18 of traffic units of the enterprise or the revenue  
19 of the enterprise everywhere as appropriate to  
20 the numerator. A "traffic unit" is hereby  
21 defined as the transportation for a distance of  
22 one (1) mile of one (1) barrel of oil, one (1)  
23 gallon of gasoline or one thousand (1,000) cubic  
24



1 feet of natural or casinghead gas, as the case  
2 may be.

3 (5) In the case of a telephone or telegraph or other  
4 communication enterprise, the numerator of the  
5 fraction shall include that portion of the  
6 interstate revenue as is allocated pursuant to  
7 the accounting procedures prescribed by the  
8 Federal Communications Commission; provided that  
9 in respect to each corporation or business entity  
10 required by the Federal Communications Commission  
11 to keep its books and records in accordance with  
12 a uniform system of accounts prescribed by such  
13 Commission, the intrastate net income shall be  
14 determined separately in the manner provided by  
15 such uniform system of accounts and only the  
16 interstate income shall be subject to allocation  
17 pursuant to the provisions of this subsection.  
18 Provided further, that the gross revenue factors  
19 shall be those as are determined pursuant to the  
20 accounting procedures prescribed by the Federal  
21 Communications Commission.

22 In any case where the apportionment of the three factors  
23 prescribed in this paragraph attributes to ~~Oklahoma~~ this state a  
24 portion of net income of the enterprise out of all appropriate

1 proportion to the property owned and/or business transacted within  
2 this state, because of the fact that one or more of the factors so  
3 prescribed are not employed to any appreciable extent in furtherance  
4 of the enterprise; or because one or more factors not so prescribed  
5 are employed to a considerable extent in furtherance of the  
6 enterprise; or because of other reasons, the Tax Commission is  
7 empowered to permit, after a showing by taxpayer that an excessive  
8 portion of net income has been attributed to ~~Oklahoma~~ this state, or  
9 require, when in its judgment an insufficient portion of net income  
10 has been attributed to ~~Oklahoma~~ this state, the elimination,  
11 substitution, or use of additional factors, or reduction or increase  
12 in the weight of such prescribed factors. Provided, however, that  
13 any such variance from such prescribed factors which has the effect  
14 of increasing the portion of net income attributable to ~~Oklahoma~~  
15 this state must not be inherently arbitrary, and application of the  
16 recomputed final apportionment to the net income of the enterprise  
17 must attribute to ~~Oklahoma~~ this state only a reasonable portion  
18 thereof.

19 6. For calendar years 1997 and 1998, the owner of a new or  
20 expanded agricultural commodity processing facility in this state  
21 may exclude from Oklahoma taxable income, or in the case of an  
22 individual, the Oklahoma adjusted gross income, fifteen percent  
23 (15%) of the investment by the owner in the new or expanded  
24 agricultural commodity processing facility. For calendar year 1999,

1 and all subsequent years, the percentage, not to exceed fifteen  
2 percent (15%), available to the owner of a new or expanded  
3 agricultural commodity processing facility in this state claiming  
4 the exemption shall be adjusted annually so that the total estimated  
5 reduction in tax liability does not exceed One Million Dollars  
6 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules  
7 for determining the percentage of the investment which each eligible  
8 taxpayer may exclude. The exclusion provided by this paragraph  
9 shall be taken in the taxable year when the investment is made. In  
10 the event the total reduction in tax liability authorized by this  
11 paragraph exceeds One Million Dollars (\$1,000,000.00) in any  
12 calendar year, the Tax Commission shall permit any excess over One  
13 Million Dollars (\$1,000,000.00) and shall factor such excess into  
14 the percentage for subsequent years. Any amount of the exemption  
15 permitted to be excluded pursuant to the provisions of this  
16 paragraph but not used in any year may be carried forward as an  
17 exemption from income pursuant to the provisions of this paragraph  
18 for a period not exceeding six (6) years following the year in which  
19 the investment was originally made.

20 For purposes of this paragraph:

21 a. "Agricultural commodity processing facility" means  
22 ~~building~~ buildings, structures, fixtures and  
23 improvements used or operated primarily for the  
24 processing or production of marketable products from

1 agricultural commodities. The term shall also mean a  
2 dairy operation that requires a depreciable investment  
3 of at least Two Hundred Fifty Thousand Dollars  
4 (\$250,000.00) and which produces milk from dairy cows.  
5 The term does not include a facility that provides  
6 only, and nothing more than, storage, cleaning, drying  
7 or transportation of agricultural commodities, and

8 b. "Facility" means each part of the facility which is  
9 used in a process primarily for:

- 10 (1) the processing of agricultural commodities,  
11 including receiving or storing agricultural  
12 commodities, or the production of milk at a dairy  
13 operation,  
14 (2) transporting the agricultural commodities or  
15 product before, during or after the processing,  
16 or  
17 (3) packaging or otherwise preparing the product for  
18 sale or shipment.

19 7. Despite any provision to the contrary in paragraph 3 of this  
20 subsection, for taxable years beginning after December 31, 1999, in  
21 the case of a taxpayer which has a farming loss, such farming loss  
22 shall be considered a net operating loss carryback in accordance  
23 with and to the extent of the Internal Revenue Code, 26 U.S.C.,  
24

1 Section 172(b) (G). However, the amount of the net operating loss  
2 carryback shall not exceed the lesser of:

- 3 a. Sixty Thousand Dollars (\$60,000.00), or
- 4 b. the loss properly shown on Schedule F of the Internal  
5 Revenue Service Form 1040 reduced by one-half (1/2) of  
6 the income from all other sources other than reflected  
7 on Schedule F.

8 8. In taxable years beginning after December 31, 1995, all  
9 qualified wages equal to the federal income tax credit set forth in  
10 26 U.S.C.A., Section 45A, shall be deducted from taxable income.  
11 The deduction allowed pursuant to this paragraph shall only be  
12 permitted for the tax years in which the federal tax credit pursuant  
13 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this  
14 paragraph, "qualified wages" means those wages used to calculate the  
15 federal credit pursuant to 26 U.S.C.A., Section 45A.

16 9. In taxable years beginning after December 31, 2005, an  
17 employer that is eligible for and utilizes the Safety Pays OSHA  
18 Consultation Service provided by the Oklahoma Department of Labor  
19 shall receive an exemption from taxable income in the amount of One  
20 Thousand Dollars (\$1,000.00) for the tax year that the service is  
21 utilized.

22 10. For taxable years beginning on or after January 1, 2010,  
23 there shall be added to Oklahoma taxable income an amount equal to  
24 the amount of deferred income not included in such taxable income

1 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986  
2 as amended by Section 1231 of the American Recovery and Reinvestment  
3 Act of 2009 (P.L. No. 111-5). There shall be subtracted from  
4 Oklahoma taxable income an amount equal to the amount of deferred  
5 income included in such taxable income pursuant to Section 108(i)(1)  
6 of the Internal Revenue Code by Section 1231 of the American  
7 Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

8 11. For taxable years beginning on or after January 1, 2019,  
9 there shall be subtracted from Oklahoma taxable income or adjusted  
10 gross income any item of income or gain, and there shall be added to  
11 Oklahoma taxable income or adjusted gross income any item of loss or  
12 deduction that in the absence of an election pursuant to the  
13 provisions of the Pass-Through Entity Tax Equity Act of 2019 would  
14 be allocated to a member or to an indirect member of an electing  
15 pass-through entity pursuant to Section 2351 et seq. of this title,  
16 if (i) the electing pass-through entity has accounted for such item  
17 in computing its Oklahoma net entity income or loss pursuant to the  
18 provisions of the Pass-Through Entity Tax Equity Act of 2019, and  
19 (ii) the total amount of tax attributable to any resulting Oklahoma  
20 net entity income has been paid. The Oklahoma Tax Commission shall  
21 promulgate rules for the reporting of such exclusion to direct and  
22 indirect members of the electing pass-through entity. As used in  
23 this paragraph, "electing pass-through entity", "indirect member",  
24 and "member" shall be defined in the same manner as prescribed by

1 Section 2355.1P-2 of this title. Notwithstanding the application of  
2 this paragraph, the adjusted tax basis of any ownership interest in  
3 a pass-through entity for purposes of Section 2351 et seq. of this  
4 title shall be equal to its adjusted tax basis for federal income  
5 tax purposes.

6 B. 1. The taxable income of any corporation shall be further  
7 adjusted to arrive at Oklahoma taxable income, except those  
8 corporations electing treatment as provided in subchapter S of the  
9 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section  
10 2365 of this title, deductions pursuant to the provisions of the  
11 Accelerated Cost Recovery System as defined and allowed in the  
12 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,  
13 Section 168, for depreciation of assets placed into service after  
14 December 31, 1981, shall not be allowed in calculating Oklahoma  
15 taxable income. Such corporations shall be allowed a deduction for  
16 depreciation of assets placed into service after December 31, 1981,  
17 in accordance with provisions of the Internal Revenue Code, 26  
18 U.S.C., Section 1 et seq., in effect immediately prior to the  
19 enactment of the Accelerated Cost Recovery System. The Oklahoma tax  
20 basis for all such assets placed into service after December 31,  
21 1981, calculated in this section shall be retained and utilized for  
22 all Oklahoma income tax purposes through the final disposition of  
23 such assets.

24

1 Notwithstanding any other provisions of the Oklahoma Income Tax  
2 Act, Section 2351 et seq. of this title, or of the Internal Revenue  
3 Code to the contrary, this subsection shall control calculation of  
4 depreciation of assets placed into service after December 31, 1981,  
5 and before January 1, 1983.

6 For assets placed in service and held by a corporation in which  
7 ~~accelerated cost recovery system~~ the Accelerated Cost Recovery  
8 System was previously disallowed, an adjustment to taxable income is  
9 required in the first taxable year beginning after December 31,  
10 1982, to reconcile the basis of such assets to the basis allowed in  
11 the Internal Revenue Code. The purpose of this adjustment is to  
12 equalize the basis and allowance for depreciation accounts between  
13 that reported to the Internal Revenue Service and that reported to  
14 ~~Oklahoma~~ this state.

15 2. For tax years beginning on or after January 1, 2009, and  
16 ending on or before December 31, 2009, there shall be added to  
17 Oklahoma taxable income any amount in excess of One Hundred Seventy-  
18 five Thousand Dollars (\$175,000.00) which has been deducted as a  
19 small business expense under Internal Revenue Code, Section 179 as  
20 provided in the American Recovery and Reinvestment Act of 2009.

21 C. 1. For taxable years beginning after December 31, 1987, the  
22 taxable income of any corporation shall be further adjusted to  
23 arrive at Oklahoma taxable income for transfers of technology to  
24 qualified small businesses located in ~~Oklahoma~~ this state. Such



1 transferor corporation shall be allowed an exemption from taxable  
2 income of an amount equal to the amount of royalty payment received  
3 as a result of such transfer; provided, however, such amount shall  
4 not exceed ten percent (10%) of the amount of gross proceeds  
5 received by such transferor corporation as a result of the  
6 technology transfer. Such exemption shall be allowed for a period  
7 not to exceed ten (10) years from the date of receipt of the first  
8 royalty payment accruing from such transfer. No exemption may be  
9 claimed for transfers of technology to qualified small businesses  
10 made prior to January 1, 1988.

11 2. For purposes of this subsection:

12 a. "Qualified small business" means an entity, whether  
13 organized as a corporation, partnership, or  
14 proprietorship, organized for profit with its  
15 principal place of business located within this state  
16 and which meets the following criteria:

- 17 (1) Capitalization of not more than Two Hundred Fifty  
18 Thousand Dollars (\$250,000.00),  
19 (2) Having at least fifty percent (50%) of its  
20 employees and assets located in ~~Oklahoma~~ this  
21 state at the time of the transfer, and  
22 (3) Not a subsidiary or affiliate of the transferor  
23 corporation;

24

1           b. "Technology" means a proprietary process, formula,  
2           pattern, device or compilation of scientific or  
3           technical information which is not in the public  
4           domain;

5           c. "Transferor corporation" means a corporation which is  
6           the exclusive and undisputed owner of the technology  
7           at the time the transfer is made; and

8           d. "Gross proceeds" means the total amount of  
9           consideration for the transfer of technology, whether  
10          the consideration is in money or otherwise.

11          D. 1. For taxable years beginning after December 31, 2005, the  
12          taxable income of any corporation, estate or trust, shall be further  
13          adjusted for qualifying gains receiving capital treatment. Such  
14          corporations, estates or trusts shall be allowed a deduction from  
15          Oklahoma taxable income for the amount of qualifying gains receiving  
16          capital treatment earned by the corporation, estate or trust during  
17          the taxable year and included in the federal taxable income of such  
18          corporation, estate or trust.

19          2. As used in this subsection:

20           a. "qualifying gains receiving capital treatment" means  
21           the amount of net capital gains, as defined in Section  
22           1222(11) of the Internal Revenue Code, included in the  
23           federal income tax return of the corporation, estate  
24           or trust that result from:

1 (1) the sale of real property or tangible personal  
2 property located within ~~Oklahoma~~ this state that  
3 has been directly or indirectly owned by the  
4 corporation, estate or trust for a holding period  
5 of at least five (5) years prior to the date of  
6 the transaction from which such net capital gains  
7 arise,

8 (2) the sale of stock or on the sale of an ownership  
9 interest in an Oklahoma company, limited  
10 liability company, or partnership where such  
11 stock or ownership interest has been directly or  
12 indirectly owned by the corporation, estate or  
13 trust for a holding period of at least three (3)  
14 years prior to the date of the transaction from  
15 which the net capital gains arise, or

16 (3) the sale of real property, tangible personal  
17 property or intangible personal property located  
18 within ~~Oklahoma~~ this state as part of the sale of  
19 all or substantially all of the assets of an  
20 Oklahoma company, limited liability company, or  
21 partnership where such property has been directly  
22 or indirectly owned by such entity owned by the  
23 owners of such entity, and used in or derived  
24 from such entity for a period of at least three

1 (3) years prior to the date of the transaction  
2 from which the net capital gains arise,

3 b. "holding period" means an uninterrupted period of  
4 time. The holding period shall include any additional  
5 period when the property was held by another  
6 individual or entity, if such additional period is  
7 included in the taxpayer's holding period for the  
8 asset pursuant to the Internal Revenue Code,

9 c. "Oklahoma company", "limited liability company", or  
10 "partnership" means an entity whose primary  
11 headquarters have been located in ~~Oklahoma~~ this state  
12 for at least three (3) uninterrupted years prior to  
13 the date of the transaction from which the net capital  
14 gains arise,

15 d. "direct" means the taxpayer directly owns the asset,  
16 and

17 e. "indirect" means the taxpayer owns an interest in a  
18 pass-through entity (or chain of pass-through  
19 entities) that sells the asset that gives rise to the  
20 qualifying gains receiving capital treatment.

21 (1) With respect to sales of real property or  
22 tangible personal property located within  
23 ~~Oklahoma~~ this state, the deduction described in  
24 this subsection shall not apply unless the pass-

1 through entity that makes the sale has held the  
2 property for not less than five (5) uninterrupted  
3 years prior to the date of the transaction that  
4 created the capital gain, and each pass-through  
5 entity included in the chain of ownership has  
6 been a member, partner, or shareholder of the  
7 pass-through entity in the tier immediately below  
8 it for an uninterrupted period of not less than  
9 five (5) years.

10 (2) With respect to sales of stock or ownership  
11 interest in or sales of all or substantially all  
12 of the assets of an Oklahoma company, limited  
13 liability company, or partnership, the deduction  
14 described in this subsection shall not apply  
15 unless the pass-through entity that makes the  
16 sale has held the stock or ownership interest or  
17 the assets for not less than three (3)  
18 uninterrupted years prior to the date of the  
19 transaction that created the capital gain, and  
20 each pass-through entity included in the chain of  
21 ownership has been a member, partner or  
22 shareholder of the pass-through entity in the  
23 tier immediately below it for an uninterrupted  
24 period of not less than three (3) years.

1 E. The Oklahoma adjusted gross income of any individual  
2 taxpayer shall be further adjusted as follows to arrive at Oklahoma  
3 taxable income:

4 1. a. In the case of individuals, there shall be added or  
5 deducted, as the case may be, the difference necessary  
6 to allow personal exemptions of One Thousand Dollars  
7 (\$1,000.00) in lieu of the personal exemptions allowed  
8 by the Internal Revenue Code.

9 b. There shall be allowed an additional exemption of One  
10 Thousand Dollars (\$1,000.00) for each taxpayer or  
11 spouse who is blind at the close of the tax year. For  
12 purposes of this subparagraph, an individual is blind  
13 only if the central visual acuity of the individual  
14 does not exceed 20/200 in the better eye with  
15 correcting lenses, or if the visual acuity of the  
16 individual is greater than 20/200, but is accompanied  
17 by a limitation in the fields of vision such that the  
18 widest diameter of the visual field subtends an angle  
19 no greater than twenty (20) degrees.

20 c. There shall be allowed an additional exemption of One  
21 Thousand Dollars (\$1,000.00) for each taxpayer or  
22 spouse who is sixty-five (65) years of age or older at  
23 the close of the tax year based upon the filing status  
24 and federal adjusted gross income of the taxpayer.

1 Taxpayers with the following filing status may claim  
2 this exemption if the federal adjusted gross income  
3 does not exceed:

- 4 (1) Twenty-five Thousand Dollars (\$25,000.00) if  
5 married and filing jointly;
- 6 (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)  
7 if married and filing separately;
- 8 (3) Fifteen Thousand Dollars (\$15,000.00) if single;  
9 and
- 10 (4) Nineteen Thousand Dollars (\$19,000.00) if a  
11 qualifying head of household.

12 Provided, for taxable years beginning after December  
13 31, 1999, amounts included in the calculation of  
14 federal adjusted gross income pursuant to the  
15 conversion of a traditional individual retirement  
16 account to a Roth individual retirement account shall  
17 be excluded from federal adjusted gross income for  
18 purposes of the income thresholds provided in this  
19 subparagraph.

- 20 2. a. For taxable years beginning on or before December 31,  
21 2005, in the case of individuals who use the standard  
22 deduction in determining taxable income, there shall  
23 be added or deducted, as the case may be, the  
24 difference necessary to allow a standard deduction in

1 lieu of the standard deduction allowed by the Internal  
2 Revenue Code, in an amount equal to the larger of  
3 fifteen percent (15%) of the Oklahoma adjusted gross  
4 income or One Thousand Dollars (\$1,000.00), but not to  
5 exceed Two Thousand Dollars (\$2,000.00), except that  
6 in the case of a married individual filing a separate  
7 return such deduction shall be the larger of fifteen  
8 percent (15%) of such Oklahoma adjusted gross income  
9 or Five Hundred Dollars (\$500.00), but not to exceed  
10 the maximum amount of One Thousand Dollars  
11 (\$1,000.00).

12 b. For taxable years beginning on or after January 1,  
13 2006, and before January 1, 2007, in the case of  
14 individuals who use the standard deduction in  
15 determining taxable income, there shall be added or  
16 deducted, as the case may be, the difference necessary  
17 to allow a standard deduction in lieu of the standard  
18 deduction allowed by the Internal Revenue Code, in an  
19 amount equal to:

- 20 (1) Three Thousand Dollars (\$3,000.00), if the filing  
21 status is married filing joint, head of household  
22 or qualifying widow; or  
23 (2) Two Thousand Dollars (\$2,000.00), if the filing  
24 status is single or married filing separate.



1 c. For the taxable year beginning on January 1, 2007, and  
2 ending December 31, 2007, in the case of individuals  
3 who use the standard deduction in determining taxable  
4 income, there shall be added or deducted, as the case  
5 may be, the difference necessary to allow a standard  
6 deduction in lieu of the standard deduction allowed by  
7 the Internal Revenue Code, in an amount equal to:

8 (1) Five Thousand Five Hundred Dollars (\$5,500.00),  
9 if the filing status is married filing joint or  
10 qualifying widow; or

11 (2) Four Thousand One Hundred Twenty-five Dollars  
12 (\$4,125.00) for a head of household; or

13 (3) Two Thousand Seven Hundred Fifty Dollars  
14 (\$2,750.00), if the filing status is single or  
15 married filing separate.

16 d. For the taxable year beginning on January 1, 2008, and  
17 ending December 31, 2008, in the case of individuals  
18 who use the standard deduction in determining taxable  
19 income, there shall be added or deducted, as the case  
20 may be, the difference necessary to allow a standard  
21 deduction in lieu of the standard deduction allowed by  
22 the Internal Revenue Code, in an amount equal to:

1 (1) Six Thousand Five Hundred Dollars (\$6,500.00), if  
2 the filing status is married filing joint or  
3 qualifying widow, or

4 (2) Four Thousand Eight Hundred Seventy-five Dollars  
5 (\$4,875.00) for a head of household, or

6 (3) Three Thousand Two Hundred Fifty Dollars  
7 (\$3,250.00), if the filing status is single or  
8 married filing separate.

9 e. For the taxable year beginning on January 1, 2009, and  
10 ending December 31, 2009, in the case of individuals  
11 who use the standard deduction in determining taxable  
12 income, there shall be added or deducted, as the case  
13 may be, the difference necessary to allow a standard  
14 deduction in lieu of the standard deduction allowed by  
15 the Internal Revenue Code, in an amount equal to:

16 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),  
17 if the filing status is married filing joint or  
18 qualifying widow, or

19 (2) Six Thousand Three Hundred Seventy-five Dollars  
20 (\$6,375.00) for a head of household, or

21 (3) Four Thousand Two Hundred Fifty Dollars  
22 (\$4,250.00), if the filing status is single or  
23 married filing separate.  
24

1 Oklahoma adjusted gross income shall be increased by  
2 any amounts paid for motor vehicle excise taxes which  
3 were deducted as allowed by the Internal Revenue Code.

4 f. For taxable years beginning on or after January 1,  
5 2010, and ending on December 31, 2016, in the case of  
6 individuals who use the standard deduction in  
7 determining taxable income, there shall be added or  
8 deducted, as the case may be, the difference necessary  
9 to allow a standard deduction equal to the standard  
10 deduction allowed by the Internal Revenue Code, based  
11 upon the amount and filing status prescribed by such  
12 Code for purposes of filing federal individual income  
13 tax returns.

14 g. For taxable years beginning on or after January 1,  
15 2017, in the case of individuals who use the standard  
16 deduction in determining taxable income, there shall  
17 be added or deducted, as the case may be, the  
18 difference necessary to allow a standard deduction in  
19 lieu of the standard deduction allowed by the Internal  
20 Revenue Code, as follows:

21 (1) Six Thousand Three Hundred Fifty Dollars  
22 (\$6,350.00) for single or married filing  
23 separately,  
24

1 (2) Twelve Thousand Seven Hundred Dollars  
2 (\$12,700.00) for married filing jointly or  
3 qualifying widower with dependent child, and  
4 (3) Nine Thousand Three Hundred Fifty Dollars  
5 (\$9,350.00) for head of household.

- 6 3. a. In the case of resident and part-year resident  
7 individuals having adjusted gross income from sources  
8 both within and without the state, the itemized or  
9 standard deductions and personal exemptions shall be  
10 reduced to an amount which is the same portion of the  
11 total thereof as Oklahoma adjusted gross income is of  
12 adjusted gross income. To the extent itemized  
13 deductions include allowable moving expense, proration  
14 of moving expense shall not be required or permitted  
15 but allowable moving expense shall be fully deductible  
16 for those taxpayers moving within or into ~~Oklahoma~~  
17 this state and no part of moving expense shall be  
18 deductible for those taxpayers moving without or out  
19 of ~~Oklahoma~~ this state. All other itemized or  
20 standard deductions and personal exemptions shall be  
21 subject to proration as provided by law.
- 22 b. For taxable years beginning on or after January 1,  
23 2018, the net amount of itemized deductions allowable  
24 on an Oklahoma income tax return, subject to the

1 provisions of paragraph 24 of this subsection, shall  
2 not exceed Seventeen Thousand Dollars (\$17,000.00).  
3 For purposes of this subparagraph, charitable  
4 contributions and medical expenses deductible for  
5 federal income tax purposes shall be excluded from the  
6 amount of Seventeen Thousand Dollars (\$17,000.00) as  
7 specified by this subparagraph.

8 4. A resident individual with a physical disability  
9 constituting a substantial handicap to employment may deduct from  
10 Oklahoma adjusted gross income such expenditures to modify a motor  
11 vehicle, home or workplace as are necessary to compensate for his or  
12 her handicap. A veteran certified by the Department of Veterans  
13 Affairs of the federal government as having a service-connected  
14 disability shall be conclusively presumed to be an individual with a  
15 physical disability constituting a substantial handicap to  
16 employment. The Tax Commission shall promulgate rules containing a  
17 list of combinations of common disabilities and modifications which  
18 may be presumed to qualify for this deduction. The Tax Commission  
19 shall prescribe necessary requirements for verification.

20 5. a. Before July 1, 2010, the first One Thousand Five  
21 Hundred Dollars (\$1,500.00) received by any person  
22 from the United States as salary or compensation in  
23 any form, other than retirement benefits, as a member  
24

1 of any component of the Armed Forces of the United  
2 States shall be deducted from taxable income.

3 b. On or after July 1, 2010, one hundred percent (100%)  
4 of the income received by any person from the United  
5 States as salary or compensation in any form, other  
6 than retirement benefits, as a member of any component  
7 of the Armed Forces of the United States shall be  
8 deducted from taxable income.

9 c. Whenever the filing of a timely income tax return by a  
10 member of the Armed Forces of the United States is  
11 made impracticable or impossible of accomplishment by  
12 reason of:

13 (1) absence from the United States, which term  
14 includes only the states and the District of  
15 Columbia;

16 (2) absence from ~~the State of Oklahoma~~ this state  
17 while on active duty; or

18 (3) confinement in a hospital within the United  
19 States for treatment of wounds, injuries or  
20 disease,

21 the time for filing a return and paying an income tax  
22 shall be and is hereby extended without incurring  
23 liability for interest or penalties, to the fifteenth  
24 day of the third month following the month in which:

1 (a) Such individual shall return to the United  
2 States if the extension is granted pursuant  
3 to subparagraph a of this paragraph, return  
4 to ~~the State of Oklahoma~~ this state if the  
5 extension is granted pursuant to  
6 subparagraph b of this paragraph or be  
7 discharged from such hospital if the  
8 extension is granted pursuant to  
9 subparagraph c of this paragraph; or

10 (b) An executor, administrator, or conservator  
11 of the estate of the taxpayer is appointed,  
12 whichever event occurs the earliest.

13 Provided, that the Tax Commission may, in its discretion, grant  
14 any member of the Armed Forces of the United States an extension of  
15 time for filing of income tax returns and payment of income tax  
16 without incurring liabilities for interest or penalties. Such  
17 extension may be granted only when in the judgment of the Tax  
18 Commission a good cause exists therefor and may be for a period in  
19 excess of six (6) months. A record of every such extension granted,  
20 and the reason therefor, shall be kept.

21 6. Before July 1, 2010, the salary or any other form of  
22 compensation, received from the United States by a member of any  
23 component of the Armed Forces of the United States, shall be  
24 deducted from taxable income during the time in which the person is

1 detained by the enemy in a conflict, is a prisoner of war or is  
2 missing in action and not deceased; provided, after July 1, 2010,  
3 all such salary or compensation shall be subject to the deduction as  
4 provided pursuant to paragraph 5 of this subsection.

5 7. a. An individual taxpayer, whether resident or  
6 nonresident, may deduct an amount equal to the federal  
7 income taxes paid by the taxpayer during the taxable  
8 year.

9 b. Federal taxes as described in subparagraph a of this  
10 paragraph shall be deductible by any individual  
11 taxpayer, whether resident or nonresident, only to the  
12 extent they relate to income subject to taxation  
13 pursuant to the provisions of the Oklahoma Income Tax  
14 Act. The maximum amount allowable in the preceding  
15 paragraph shall be prorated on the ratio of the  
16 Oklahoma adjusted gross income to federal adjusted  
17 gross income.

18 c. For the purpose of this paragraph, "federal income  
19 taxes paid" shall mean federal income taxes, surtaxes  
20 imposed on incomes or excess profits taxes, as though  
21 the taxpayer was on the accrual basis. In determining  
22 the amount of deduction for federal income taxes for  
23 tax year 2001, the amount of the deduction shall not  
24 be adjusted by the amount of any accelerated ten



1           percent (10%) tax rate bracket credit or advanced  
2           refund of the credit received during the tax year  
3           provided pursuant to the federal Economic Growth and  
4           Tax Relief Reconciliation Act of 2001, P.L. No. 107-  
5           16, and the advanced refund of such credit shall not  
6           be subject to taxation.

7           d.    The provisions of this paragraph shall apply to all  
8           taxable years ending after December 31, 1978, and  
9           beginning before January 1, 2006.

10          8.    Retirement benefits not to exceed Five Thousand Five Hundred  
11   Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
12   Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand  
13   Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax  
14   years, which are received by an individual from the civil service of  
15   the United States, the Oklahoma Public Employees Retirement System,  
16   the Teachers' Retirement System of Oklahoma, the Oklahoma Law  
17   Enforcement Retirement System, the Oklahoma Firefighters Pension and  
18   Retirement System, the Oklahoma Police Pension and Retirement  
19   System, the employee retirement systems created by counties pursuant  
20   to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the  
21   Uniform Retirement System for Justices and Judges, the Oklahoma  
22   Wildlife Conservation Department Retirement Fund, the Oklahoma  
23   Employment Security Commission Retirement Plan, or the employee  
24   retirement systems created by municipalities pursuant to Section 48-

1 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt  
2 from taxable income.

3 9. In taxable years beginning after December 31, 1984, Social  
4 Security benefits received by an individual shall be exempt from  
5 taxable income, to the extent such benefits are included in the  
6 federal adjusted gross income pursuant to the provisions of Section  
7 86 of the Internal Revenue Code, 26 U.S.C., Section 86.

8 10. For taxable years beginning after December 31, 1994, lump-  
9 sum distributions from employer plans of deferred compensation,  
10 which are not qualified plans within the meaning of Section 401(a)  
11 of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which  
12 are deposited in and accounted for within a separate bank account or  
13 brokerage account in a financial institution within this state,  
14 shall be excluded from taxable income in the same manner as a  
15 qualifying rollover contribution to an individual retirement account  
16 within the meaning of Section 408 of the Internal Revenue Code, 26  
17 U.S.C., Section 408. Amounts withdrawn from such bank or brokerage  
18 account, including any earnings thereon, shall be included in  
19 taxable income when withdrawn in the same manner as withdrawals from  
20 individual retirement accounts within the meaning of Section 408 of  
21 the Internal Revenue Code.

22 11. In taxable years beginning after December 31, 1995,  
23 contributions made to and interest received from a medical savings  
24

1 account established pursuant to Sections 2621 through 2623 of Title  
2 63 of the Oklahoma Statutes shall be exempt from taxable income.

3 12. For taxable years beginning after December 31, 1996, the  
4 Oklahoma adjusted gross income of any individual taxpayer who is a  
5 swine or poultry producer may be further adjusted for the deduction  
6 for depreciation allowed for new construction or expansion costs  
7 which may be computed using the same depreciation method elected for  
8 federal income tax purposes except that the useful life shall be  
9 seven (7) years for purposes of this paragraph. If depreciation is  
10 allowed as a deduction in determining the adjusted gross income of  
11 an individual, any depreciation calculated and claimed pursuant to  
12 this section shall in no event be a duplication of any depreciation  
13 allowed or permitted on the federal income tax return of the  
14 individual.

15 13. a. In taxable years beginning after December 31, 2002,  
16 nonrecurring adoption expenses paid by a resident  
17 individual taxpayer in connection with:  
18 (1) the adoption of a minor, or  
19 (2) a proposed adoption of a minor which did not  
20 result in a decreed adoption,  
21 may be deducted from the Oklahoma adjusted gross  
22 income.

23  
24

- 1           b.    The deductions for adoptions and proposed adoptions  
2                    authorized by this paragraph shall not exceed Twenty  
3                    Thousand Dollars (\$20,000.00) per calendar year.
- 4           c.    The Tax Commission shall promulgate rules to implement  
5                    the provisions of this paragraph which shall contain a  
6                    specific list of nonrecurring adoption expenses which  
7                    may be presumed to qualify for the deduction.  The Tax  
8                    Commission shall prescribe necessary requirements for  
9                    verification.
- 10          d.    "Nonrecurring adoption expenses" means adoption fees,  
11                    court costs, medical expenses, attorney fees and  
12                    expenses which are directly related to the legal  
13                    process of adoption of a child including, but not  
14                    limited to, costs relating to the adoption study,  
15                    health and psychological examinations, transportation  
16                    and reasonable costs of lodging and food for the child  
17                    or adoptive parents which are incurred to complete the  
18                    adoption process and are not reimbursed by other  
19                    sources.  The term ~~"nonrecurring adoption expenses"~~  
20                    nonrecurring adoption expenses shall not include  
21                    attorney fees incurred for the purpose of litigating a  
22                    contested adoption, from and after the point of the  
23                    initiation of the contest, costs associated with  
24                    physical remodeling, renovation and alteration of the

1 adoptive parents' home or property, except for a  
2 special needs child as authorized by the court.

3 14. a. In taxable years beginning before January 1, 2005,  
4 retirement benefits not to exceed the amounts  
5 specified in this paragraph, which are received by an  
6 individual sixty-five (65) years of age or older and  
7 whose Oklahoma adjusted gross income is Twenty-five  
8 Thousand Dollars (\$25,000.00) or less if the filing  
9 status is single, head of household, or married filing  
10 separate, or Fifty Thousand Dollars (\$50,000.00) or  
11 less if the filing status is married filing joint or  
12 qualifying widow, shall be exempt from taxable income.  
13 In taxable years beginning after December 31, 2004,  
14 retirement benefits not to exceed the amounts  
15 specified in this paragraph, which are received by an  
16 individual whose Oklahoma adjusted gross income is  
17 less than the qualifying amount specified in this  
18 paragraph, shall be exempt from taxable income.

19 b. For purposes of this paragraph, the qualifying amount  
20 shall be as follows:

21 (1) in taxable years beginning after December 31,  
22 2004, and prior to January 1, 2007, the  
23 qualifying amount shall be Thirty-seven Thousand  
24 Five Hundred Dollars (\$37,500.00) or less if the

1 filing status is single, head of household, or  
2 married filing separate, or Seventy-five Thousand  
3 Dollars (\$75,000.00) or less if the filing status  
4 is married filing jointly or qualifying widow,

5 (2) in the taxable year beginning January 1, 2007,  
6 the qualifying amount shall be Fifty Thousand  
7 Dollars (\$50,000.00) or less if the filing status  
8 is single, head of household, or married filing  
9 separate, or One Hundred Thousand Dollars  
10 (\$100,000.00) or less if the filing status is  
11 married filing jointly or qualifying widow,

12 (3) in the taxable year beginning January 1, 2008,  
13 the qualifying amount shall be Sixty-two Thousand  
14 Five Hundred Dollars (\$62,500.00) or less if the  
15 filing status is single, head of household, or  
16 married filing separate, or One Hundred Twenty-  
17 five Thousand Dollars (\$125,000.00) or less if  
18 the filing status is married filing jointly or  
19 qualifying widow,

20 (4) in the taxable year beginning January 1, 2009,  
21 the qualifying amount shall be One Hundred  
22 Thousand Dollars (\$100,000.00) or less if the  
23 filing status is single, head of household, or  
24 married filing separate, or Two Hundred Thousand

1           Dollars (\$200,000.00) or less if the filing  
2           status is married filing jointly or qualifying  
3           widow, and

4           (5) in the taxable year beginning January 1, 2010,  
5           and subsequent taxable years, there shall be no  
6           limitation upon the qualifying amount.

7           c. For purposes of this paragraph, "retirement benefits"  
8           means the total distributions or withdrawals from the  
9           following:

10           (1) an employee pension benefit plan which satisfies  
11           the requirements of Section 401 of the Internal  
12           Revenue Code, 26 U.S.C., Section 401,

13           (2) an eligible deferred compensation plan that  
14           satisfies the requirements of Section 457 of the  
15           Internal Revenue Code, 26 U.S.C., Section 457,

16           (3) an individual retirement account, annuity or  
17           trust or simplified employee pension that  
18           satisfies the requirements of Section 408 of the  
19           Internal Revenue Code, 26 U.S.C., Section 408,

20           (4) an employee annuity subject to the provisions of  
21           Section 403(a) or (b) of the Internal Revenue  
22           Code, 26 U.S.C., Section 403(a) or (b),  
23  
24

- 1 (5) United States Retirement Bonds which satisfy the  
2 requirements of Section 86 of the Internal  
3 Revenue Code, 26 U.S.C., Section 86, or  
4 (6) lump-sum distributions from a retirement plan  
5 which satisfies the requirements of Section  
6 402(e) of the Internal Revenue Code, 26 U.S.C.,  
7 Section 402(e).

8 d. The amount of the exemption provided by this paragraph  
9 shall be limited to Five Thousand Five Hundred Dollars  
10 (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
11 Hundred Dollars (\$7,500.00) for the 2005 tax year and  
12 Ten Thousand Dollars (\$10,000.00) for the tax year  
13 2006 and for all subsequent tax years. Any individual  
14 who claims the exemption provided for in paragraph 8  
15 of this subsection shall not be permitted to claim a  
16 combined total exemption pursuant to this paragraph  
17 and paragraph 8 of this subsection in an amount  
18 exceeding Five Thousand Five Hundred Dollars  
19 (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
20 Hundred Dollars (\$7,500.00) for the 2005 tax year and  
21 Ten Thousand Dollars (\$10,000.00) for the 2006 tax  
22 year and all subsequent tax years.

23 15. In taxable years beginning after December 31, 1999, for an  
24 individual engaged in production agriculture who has filed a



1 Schedule F form with the taxpayer's federal income tax return for  
2 such taxable year, there shall be excluded from taxable income any  
3 amount which was included as federal taxable income or federal  
4 adjusted gross income and which consists of the discharge of an  
5 obligation by a creditor of the taxpayer incurred to finance the  
6 production of agricultural products.

7 16. In taxable years beginning December 31, 2000, an amount  
8 equal to one hundred percent (100%) of the amount of any scholarship  
9 or stipend received from participation in the Oklahoma Police Corps  
10 Program, as established in Section 2-140.3 of Title 47 of the  
11 Oklahoma Statutes shall be exempt from taxable income.

12 17. a. In taxable years beginning after December 31, 2001,  
13 and before January 1, 2005, there shall be allowed a  
14 deduction in the amount of contributions to accounts  
15 established pursuant to the Oklahoma College Savings  
16 Plan Act. The deduction shall equal the amount of  
17 contributions to accounts, but in no event shall the  
18 deduction for each contributor exceed Two Thousand  
19 Five Hundred Dollars (\$2,500.00) each taxable year for  
20 each account.

21 b. In taxable years beginning after December 31, 2004,  
22 each taxpayer shall be allowed a deduction for  
23 contributions to accounts established pursuant to the  
24 Oklahoma College Savings Plan Act. The maximum annual

1 deduction shall equal the amount of contributions to  
2 all such accounts plus any contributions to such  
3 accounts by the taxpayer for prior taxable years after  
4 December 31, 2004, which were not deducted, but in no  
5 event shall the deduction for each tax year exceed Ten  
6 Thousand Dollars (\$10,000.00) for each individual  
7 taxpayer or Twenty Thousand Dollars (\$20,000.00) for  
8 taxpayers filing a joint return. Any amount of a  
9 contribution that is not deducted by the taxpayer in  
10 the year for which the contribution is made may be  
11 carried forward as a deduction from income for the  
12 succeeding five (5) years. For taxable years  
13 beginning after December 31, 2005, deductions may be  
14 taken for contributions and rollovers made during a  
15 taxable year and up to April 15 of the succeeding  
16 year, or the due date of a taxpayer's state income tax  
17 return, excluding extensions, whichever is later.  
18 Provided, a deduction for the same contribution may  
19 not be taken for two (2) different taxable years.

20 c. In taxable years beginning after December 31, 2006,  
21 deductions for contributions made pursuant to  
22 subparagraph b of this paragraph shall be limited as  
23 follows:  
24

1 (1) for a taxpayer who qualified for the five-year  
2 carryforward election and who takes a rollover or  
3 nonqualified withdrawal during that period, the  
4 tax deduction otherwise available pursuant to  
5 subparagraph b of this paragraph shall be reduced  
6 by the amount which is equal to the rollover or  
7 nonqualified withdrawal, and

8 (2) for a taxpayer who elects to take a rollover or  
9 nonqualified withdrawal within the same tax year  
10 in which a contribution was made to the  
11 taxpayer's account, the tax deduction otherwise  
12 available pursuant to subparagraph b of this  
13 paragraph shall be reduced by the amount of the  
14 contribution which is equal to the rollover or  
15 nonqualified withdrawal.

16 d. If a taxpayer elects to take a rollover on a  
17 contribution for which a deduction has been taken  
18 pursuant to subparagraph b of this paragraph within  
19 one (1) year of the date of contribution, the amount  
20 of such rollover shall be included in the adjusted  
21 gross income of the taxpayer in the taxable year of  
22 the rollover.

23 e. If a taxpayer makes a nonqualified withdrawal of  
24 contributions for which a deduction was taken pursuant

1 to subparagraph b of this paragraph, such nonqualified  
2 withdrawal and any earnings thereon shall be included  
3 in the adjusted gross income of the taxpayer in the  
4 taxable year of the nonqualified withdrawal.

5 f. As used in this paragraph:

6 (1) "non-qualified withdrawal" means a withdrawal  
7 from an Oklahoma College Savings Plan account  
8 other than one of the following:

9 (a) a qualified withdrawal,

10 (b) a withdrawal made as a result of the death  
11 or disability of the designated beneficiary  
12 of an account,

13 (c) a withdrawal that is made on the account of  
14 a scholarship or the allowance or payment  
15 described in Section 135(d)(1)(B) or (C) or  
16 by the Internal Revenue Code, received by  
17 the designated beneficiary to the extent the  
18 amount of the refund does not exceed the  
19 amount of the scholarship, allowance, or  
20 payment, or

21 (d) a rollover or change of designated  
22 beneficiary as permitted by subsection F of  
23 Section 3970.7 of Title 70 of the Oklahoma  
24 Statutes, and

1 (2) "rollover" means the transfer of funds from the  
2 Oklahoma College Savings Plan to any other plan  
3 under Section 529 of the Internal Revenue Code.

4 18. For tax years 2006 through 2021, retirement benefits  
5 received by an individual from any component of the Armed Forces of  
6 the United States in an amount not to exceed the greater of seventy-  
7 five percent (75%) of such benefits or Ten Thousand Dollars  
8 (\$10,000.00) shall be exempt from taxable income but in no case less  
9 than the amount of the exemption provided by paragraph 14 of this  
10 subsection. For tax year 2022 and subsequent tax years, retirement  
11 benefits received by an individual from any component of the Armed  
12 Forces of the United States shall be exempt from taxable income.

13 19. For taxable years beginning after December 31, 2006,  
14 retirement benefits received by federal civil service retirees,  
15 including survivor annuities, paid in lieu of Social Security  
16 benefits shall be exempt from taxable income to the extent such  
17 benefits are included in the federal adjusted gross income pursuant  
18 to the provisions of Section 86 of the Internal Revenue Code, 26  
19 U.S.C., Section 86, according to the following schedule:

- 20 a. in the taxable year beginning January 1, 2007, twenty  
21 percent (20%) of such benefits shall be exempt,  
22 b. in the taxable year beginning January 1, 2008, forty  
23 percent (40%) of such benefits shall be exempt,  
24

- 1 c. in the taxable year beginning January 1, 2009, sixty  
2 percent (60%) of such benefits shall be exempt,  
3 d. in the taxable year beginning January 1, 2010, eighty  
4 percent (80%) of such benefits shall be exempt, and  
5 e. in the taxable year beginning January 1, 2011, and  
6 subsequent taxable years, one hundred percent (100%)  
7 of such benefits shall be exempt.

8 20. a. For taxable years beginning after December 31, 2007, a  
9 resident individual may deduct up to Ten Thousand  
10 Dollars (\$10,000.00) from Oklahoma adjusted gross  
11 income if the individual, or the dependent of the  
12 individual, while living, donates one or more human  
13 organs of the individual to another human being for  
14 human organ transplantation. As used in this  
15 paragraph, "human organ" means all or part of a liver,  
16 pancreas, kidney, intestine, lung, or bone marrow. A  
17 deduction that is claimed under this paragraph may be  
18 claimed in the taxable year in which the human organ  
19 transplantation occurs.

20 b. An individual may claim this deduction only once, and  
21 the deduction may be claimed only for unreimbursed  
22 expenses that are incurred by the individual and  
23 related to the organ donation of the individual.  
24

1 c. The Oklahoma Tax Commission shall promulgate rules to  
2 implement the provisions of this paragraph which shall  
3 contain a specific list of expenses which may be  
4 presumed to qualify for the deduction. The Tax  
5 Commission shall prescribe necessary requirements for  
6 verification.

7 21. For taxable years beginning after December 31, 2009, there  
8 shall be exempt from taxable income any amount received by the  
9 beneficiary of the death benefit for an emergency medical technician  
10 or a registered emergency medical responder provided by Section 1-  
11 2505.1 of Title 63 of the Oklahoma Statutes.

12 22. For taxable years beginning after December 31, 2008,  
13 taxable income shall be increased by any unemployment compensation  
14 exempted under Section 85(c) of the Internal Revenue Code, 26  
15 U.S.C., Section 85(c) (2009).

16 23. For taxable years beginning after December 31, 2008, there  
17 shall be exempt from taxable income any payment in an amount less  
18 than Six Hundred Dollars (\$600.00) received by a person as an award  
19 for participation in a competitive livestock show event. For  
20 purposes of this paragraph, the payment shall be treated as a  
21 scholarship amount paid by the entity sponsoring the event and the  
22 sponsoring entity shall cause the payment to be categorized as a  
23 scholarship in its books and records.

1       24. For taxable years beginning on or after January 1, 2016,  
2 taxable income shall be increased by any amount of state and local  
3 sales or income taxes deducted under 26 U.S.C., Section 164 of the  
4 Internal Revenue Code. If the amount of state and local taxes  
5 deducted on the federal return is limited, taxable income on the  
6 state return shall be increased only by the amount actually deducted  
7 after any such limitations are applied.

8       25. For taxable years beginning after December 31, 2020, each  
9 taxpayer shall be allowed a deduction for contributions to accounts  
10 established pursuant to the Achieving a Better Life Experience  
11 (ABLE) Program as established in Section 4001.1 et seq. of Title 56  
12 of the Oklahoma Statutes. For any tax year, the deduction provided  
13 for in this paragraph shall not exceed Ten Thousand Dollars  
14 (\$10,000.00) for an individual taxpayer or Twenty Thousand Dollars  
15 (\$20,000.00) for taxpayers filing a joint return. Any amount of  
16 contribution not deducted by the taxpayer in the tax year for which  
17 the contribution is made may be carried forward as a deduction from  
18 income for up to five (5) tax years. Deductions may be taken for  
19 contributions made during the tax year and through April 15 of the  
20 succeeding tax year, or through the due date of a taxpayer's state  
21 income tax return excluding extensions, whichever is later.  
22 Provided, a deduction for the same contribution may not be taken in  
23 more than one (1) tax year.



1        26. For tax year 2024 and subsequent tax years, tax credits  
2 received pursuant to the Oklahoma Parental Choice Tax Credit Act in  
3 Section 28-101 of Title 70 of the Oklahoma Statutes shall be exempt  
4 from taxable income.

5        F. 1. For taxable years beginning after December 31, 2004, a  
6 deduction from the Oklahoma adjusted gross income of any individual  
7 taxpayer shall be allowed for qualifying gains receiving capital  
8 treatment that are included in the federal adjusted gross income of  
9 such individual taxpayer during the taxable year.

10        2. As used in this subsection:

11            a. "qualifying gains receiving capital treatment" means  
12                the amount of net capital gains, as defined in Section  
13                1222(11) of the Internal Revenue Code, included in an  
14                individual taxpayer's federal income tax return that  
15                result from:

16                (1) the sale of real property or tangible personal  
17                property located within ~~Oklahoma~~ this state that  
18                has been directly or indirectly owned by the  
19                individual taxpayer for a holding period of at  
20                least five (5) years prior to the date of the  
21                transaction from which such net capital gains  
22                arise,

23                (2) the sale of stock or the sale of a direct or  
24                indirect ownership interest in an Oklahoma

1 company, limited liability company, or  
2 partnership where such stock or ownership  
3 interest has been directly or indirectly owned by  
4 the individual taxpayer for a holding period of  
5 at least two (2) years prior to the date of the  
6 transaction from which the net capital gains  
7 arise, or

8 (3) the sale of real property, tangible personal  
9 property or intangible personal property located  
10 within ~~Oklahoma~~ this state as part of the sale of  
11 all or substantially all of the assets of an  
12 Oklahoma company, limited liability company, or  
13 partnership or an Oklahoma proprietorship  
14 business enterprise where such property has been  
15 directly or indirectly owned by such entity or  
16 business enterprise or owned by the owners of  
17 such entity or business enterprise for a period  
18 of at least two (2) years prior to the date of  
19 the transaction from which the net capital gains  
20 arise,

21 b. "holding period" means an uninterrupted period of  
22 time. The holding period shall include any additional  
23 period when the property was held by another  
24 individual or entity, if such additional period is

1 included in the taxpayer's holding period for the  
2 asset pursuant to the Internal Revenue Code,

3 c. "Oklahoma company," "limited liability company," or  
4 "partnership" means an entity whose primary  
5 headquarters have been located in ~~Oklahoma~~ this state  
6 for at least three (3) uninterrupted years prior to  
7 the date of the transaction from which the net capital  
8 gains arise,

9 d. "direct" means the individual taxpayer directly owns  
10 the asset,

11 e. "indirect" means the individual taxpayer owns an  
12 interest in a pass-through entity (or chain of pass-  
13 through entities) that sells the asset that gives rise  
14 to the qualifying gains receiving capital treatment.

15 (1) With respect to sales of real property or  
16 tangible personal property located within  
17 ~~Oklahoma~~ this state, the deduction described in  
18 this subsection shall not apply unless the pass-  
19 through entity that makes the sale has held the  
20 property for not less than five (5) uninterrupted  
21 years prior to the date of the transaction that  
22 created the capital gain, and each pass-through  
23 entity included in the chain of ownership has  
24 been a member, partner, or shareholder of the

1 pass-through entity in the tier immediately below  
2 it for an uninterrupted period of not less than  
3 five (5) years.

4 (2) With respect to sales of stock or ownership  
5 interest in or sales of all or substantially all  
6 of the assets of an Oklahoma company, limited  
7 liability company, partnership or Oklahoma  
8 proprietorship business enterprise, the deduction  
9 described in this subsection shall not apply  
10 unless the pass-through entity that makes the  
11 sale has held the stock or ownership interest for  
12 not less than two (2) uninterrupted years prior  
13 to the date of the transaction that created the  
14 capital gain, and each pass-through entity  
15 included in the chain of ownership has been a  
16 member, partner or shareholder of the pass-  
17 through entity in the tier immediately below it  
18 for an uninterrupted period of not less than two  
19 (2) years. For purposes of this division,  
20 uninterrupted ownership prior to July 1, 2007,  
21 shall be included in the determination of the  
22 required holding period prescribed by this  
23 division, and  
24

1 f. "Oklahoma proprietorship business enterprise" means a  
2 business enterprise whose income and expenses have  
3 been reported on Schedule C or F of an individual  
4 taxpayer's federal income tax return, or any similar  
5 successor schedule published by the Internal Revenue  
6 Service and whose primary headquarters have been  
7 located in ~~Oklahoma~~ this state for at least three (3)  
8 uninterrupted years prior to the date of the  
9 transaction from which the net capital gains arise.

10 G. 1. For purposes of computing its Oklahoma taxable income  
11 under this section, the dividends-paid deduction otherwise allowed  
12 by federal law in computing net income of a real estate investment  
13 trust that is subject to federal income tax shall be added back in  
14 computing the tax imposed by this state under this title if the real  
15 estate investment trust is a captive real estate investment trust.

16 2. For purposes of computing its Oklahoma taxable income under  
17 this section, a taxpayer shall add back otherwise deductible rents  
18 and interest expenses paid to a captive real estate investment trust  
19 that is not subject to the provisions of paragraph 1 of this  
20 subsection. As used in this subsection:

21 a. the term "real estate investment trust" or "REIT"  
22 means the meaning ascribed to such term in Section 856  
23 of the Internal Revenue Code,  
24

1           b.   the term "captive real estate investment trust" means  
2                   a real estate investment trust, the shares or  
3                   beneficial interests of which are not regularly traded  
4                   on an established securities market and more than  
5                   fifty percent (50%) of the voting power or value of  
6                   the beneficial interests or shares of which are owned  
7                   or controlled, directly or indirectly, or  
8                   constructively, by a single entity that is:

- 9                   (1)   treated as an association taxable as a  
10                          corporation under the Internal Revenue Code, and  
11                   (2)   not exempt from federal income tax pursuant to  
12                          the provisions of Section 501(a) of the Internal  
13                          Revenue Code.

14           The term shall not include a real estate investment  
15           trust that is intended to be regularly traded on an  
16           established securities market, and that satisfies the  
17           requirements of Section 856(a)(5) and (6) of the U.S.  
18           Internal Revenue Code by reason of Section 856(h)(2)  
19           of the Internal Revenue Code,

20           c.   the term "association taxable as a corporation" shall  
21                   not include the following entities:

- 22                   (1)   any real estate investment trust as defined in  
23                          paragraph a of this subsection other than a  
24

1                   ~~"captive real estate investment trust"~~ captive  
2                   real estate investment trust, or

3                   (2) any qualified real estate investment trust  
4                   subsidiary under Section 856(i) of the Internal  
5                   Revenue Code, other than a qualified REIT  
6                   subsidiary of a ~~"captive real estate investment~~  
7                   ~~trust"~~ captive real estate investment trust, or

8                   (3) any ~~Listed Australian Property Trust~~ listed  
9                   Australian property trust (meaning an Australian  
10                  unit trust registered as a ~~"Managed Investment~~  
11                  ~~Scheme"~~ "managed investment scheme" under the  
12                  Australian Corporations Act 2001 in which the  
13                  principal class of units is listed on a  
14                  recognized stock exchange in Australia and is  
15                  regularly traded on an established securities  
16                  market), or an entity organized as a trust,  
17                  provided that a ~~Listed Australian Property Trust~~  
18                  listed Australian property trust owns or  
19                  controls, directly or indirectly, seventy-five  
20                  percent (75%) or more of the voting power or  
21                  value of the beneficial interests or shares of  
22                  such trust, or

23                  (4) any ~~Qualified Foreign Entity~~ qualified foreign  
24                  entity, meaning a corporation, trust, association

1 or partnership organized outside the laws of the  
2 United States and which satisfies the following  
3 criteria:

4 (a) at least seventy-five percent (75%) of the  
5 entity's total asset value at the close of  
6 its taxable year is represented by real  
7 estate assets, as defined in Section  
8 856(c) (5) (B) of the Internal Revenue Code,  
9 thereby including shares or certificates of  
10 beneficial interest in any real estate  
11 investment trust, cash and cash equivalents,  
12 and U.S. Government securities,

13 (b) the entity receives a dividend-paid  
14 deduction comparable to Section 561 of the  
15 Internal Revenue Code, or is exempt from  
16 entity level tax,

17 (c) the entity is required to distribute at  
18 least eighty-five percent (85%) of its  
19 taxable income, as computed in the  
20 jurisdiction in which it is organized, to  
21 the holders of its shares or certificates of  
22 beneficial interest on an annual basis,

23 (d) not more than ten percent (10%) of the  
24 voting power or value in such entity is held



1 directly or indirectly or constructively by  
2 a single entity or individual, or the shares  
3 or beneficial interests of such entity are  
4 regularly traded on an established  
5 securities market, and

6 (e) the entity is organized in a country which  
7 has a tax treaty with the United States.

8 3. For purposes of this subsection, the constructive ownership  
9 rules of Section 318(a) of the Internal Revenue Code, as modified by  
10 Section 856(d)(5) of the Internal Revenue Code, shall apply in  
11 determining the ownership of stock, assets, or net profits of any  
12 person.

13 4. A real estate investment trust that does not become  
14 regularly traded on an established securities market within one (1)  
15 year of the date on which it first becomes a real estate investment  
16 trust shall be deemed not to have been regularly traded on an  
17 established securities market, retroactive to the date it first  
18 became a real estate investment trust, and shall file an amended  
19 return reflecting such retroactive designation for any tax year or  
20 part year occurring during its initial year of status as a real  
21 estate investment trust. For purposes of this subsection, a real  
22 estate investment trust becomes a real estate investment trust on  
23 the first day it has both met the requirements of Section 856 of the  
24 Internal Revenue Code and has elected to be treated as a real estate

1 investment trust pursuant to Section 856(c)(1) of the Internal  
2 Revenue Code.

3 SECTION 3. AMENDATORY Section 2, Chapter 278, O.S.L.  
4 2023 (70 O.S. Supp. 2023, Section 28-101), is amended to read as  
5 follows:

6 Section 28-101. A. As used in the Oklahoma Parental Choice Tax  
7 Credit Act:

8 1. "Commission" means the Oklahoma Tax Commission;

9 2. "Curriculum" means a complete course of study for a  
10 particular content area or grade level;

11 3. "Department" means the State Department of Education;

12 4. "Education service provider" means a person, business,  
13 public school district, public charter school, magnet school, or  
14 organization that provides educational goods and/or services to  
15 eligible students in this state;

16 5. "Eligible student" means a resident of this state who is  
17 eligible to enroll in a public school in this state. Eligible  
18 student shall include a student who is enrolled in and attends or is  
19 expected to enroll in a private school in this state accredited by  
20 the State Board of Education or another accrediting association or a  
21 student who is educated pursuant to the other means of education  
22 exception provided for in subsection A of Section 10-105 of ~~Title 70~~  
23 ~~of the Oklahoma Statutes~~ this title;

24

1       6. "Qualified expense" for the purpose of claiming the credit  
2 authorized by ~~subparagraph a~~ of paragraph 1 of subsection C of this  
3 section means tuition and fees at a private school in this state  
4 accredited by the State Board of Education or another accrediting  
5 association. Provided, the amount of tuition and fees considered a  
6 qualified expense pursuant to this paragraph shall not include  
7 tuition and fees paid with any scholarship or tuition and fees  
8 discounted or otherwise reduced by the school;

9       7. "Qualified expense" for the purpose of claiming the credit  
10 authorized by ~~subparagraph b~~ of paragraph ~~1~~ 2 of subsection C of  
11 this section means the following expenditures:

- 12       a. tuition and fees for nonpublic ~~online~~ learning  
13       programs, online or in person,
- 14       b. academic tutoring services provided by an individual  
15       or a private academic tutoring facility,
- 16       c. textbooks, curriculum, or other instructional  
17       materials including, but not limited to, supplemental  
18       materials or associated online instruction required by  
19       an education service provider, and
- 20       d. fees for nationally standardized assessments  
21       including, but not limited to, assessments used to  
22       determine college admission and advanced placement  
23       examinations as well as tuition and fees for tutoring  
24       or preparatory courses for the assessments; and

1 8. "Taxpayer" means a biological or adoptive parent,  
2 grandparent, aunt, uncle, legal guardian, custodian, or other person  
3 with legal authority to act on behalf of an eligible student.

4 B. There is hereby created the Oklahoma Parental Choice Tax  
5 Credit Program to provide an income tax credit to a taxpayer for  
6 qualified expenses to support the education of eligible students in  
7 this state.

8 C. For the tax year 2024 and subsequent tax years, and fiscal  
9 year 2026 and subsequent fiscal years, there shall be allowed  
10 against the tax imposed by Section 2355 of Title 68 of the Oklahoma  
11 Statutes a credit for any Oklahoma taxpayer who incurs a qualified  
12 expense on behalf of an eligible student, to be administered subject  
13 to the following amounts ~~for each tax year:~~

14 1. If the eligible student attends a private school in this  
15 state accredited by the State Board of Education or another  
16 accrediting association, the annual maximum credit amount for tax  
17 year 2024, fiscal year 2026, and each subsequent fiscal year shall  
18 be:

19 a. ~~(1)~~ Seven Thousand Five Hundred Dollars (\$7,500.00) or  
20 the amount of tuition and fees for the private school,  
21 whichever is less, if the combined adjusted gross  
22 income of the parents or legal guardians of the  
23 ~~eligible student is a member of a household in which~~  
24 ~~the total adjusted gross income~~ during the second

1 preceding tax year does not exceed Seventy-five  
2 Thousand Dollars (\$75,000.00),

3 ~~(2)~~ b. Seven Thousand Dollars (\$7,000.00) or the amount of  
4 tuition and fees for the private school, whichever is  
5 less, if the combined adjusted gross income of the  
6 parents or legal guardians of the eligible student ~~is~~  
7 ~~a member of a household in which the total adjusted~~  
8 ~~gross income~~ during the second preceding tax year is  
9 more than Seventy-five Thousand Dollars (\$75,000.00)  
10 but does not exceed One Hundred Fifty Thousand Dollars  
11 (\$150,000.00),

12 ~~(3)~~ c. Six Thousand Five Hundred Dollars (\$6,500.00) or the  
13 amount of tuition and fees for the private school,  
14 whichever is less, if the combined adjusted gross  
15 income of the parents or legal guardians of the  
16 eligible student ~~is a member of a household in which~~  
17 ~~the total adjusted gross income~~ during the second  
18 preceding tax year is more than One Hundred Fifty  
19 Thousand Dollars (\$150,000.00) but does not exceed Two  
20 Hundred Twenty-five Thousand Dollars (\$225,000.00),

21 ~~(4)~~ d. Six Thousand Dollars (\$6,000.00) or the amount of  
22 tuition and fees for the private school, whichever is  
23 less, if the combined adjusted gross income of the  
24 parents or legal guardians of the eligible student ~~is~~

1 ~~a member of a household in which the total adjusted~~  
2 ~~gross income~~ during the second preceding tax year is  
3 more than Two Hundred Twenty-five Thousand Dollars  
4 (\$225,000.00) but does not exceed Two Hundred Fifty  
5 Thousand Dollars (\$250,000.00), or

6 ~~(5)~~ e. Five Thousand Dollars (\$5,000.00) or the amount of  
7 tuition and fees for the private school, whichever is  
8 less, if the combined adjusted gross income of the  
9 parents or legal guardians of the eligible student is  
10 ~~a member of a household in which the total adjusted~~  
11 ~~gross income~~ during the second preceding tax year is  
12 more than Two Hundred Fifty Thousand Dollars  
13 (\$250,000.00), ~~and;~~

14 ~~b.~~ 2. For tax year 2024 and subsequent tax years, the maximum  
15 credit amount shall be One Thousand Dollars (\$1,000.00) in qualified  
16 expenses per eligible student in each tax year if the eligible  
17 student is educated pursuant to the other means of education  
18 exception provided for in subsection A of Section 10-105 of Title 70  
19 of the Oklahoma Statutes this title. To claim the credit, the  
20 taxpayer shall submit to the Commission receipts for qualified  
21 expenses as defined by paragraph 7 of subsection A of this section;

22 3. If the eligible student attends a private school in this  
23 state, accredited by the State Board of Education or another  
24 accrediting association, that exclusively serves students

1 experiencing homelessness, the credit amount shall be Seven Thousand  
2 Five Hundred Dollars (\$7,500.00) or the amount of the cost to  
3 educate the eligible student at the private school, whichever is  
4 less;

5 4. If the eligible student attends a private school in this  
6 state, accredited by the State Board of Education or another  
7 accrediting association, that primarily serves financially  
8 disadvantaged students, the credit amount shall be the maximum  
9 credit amount authorized by paragraph 1 of this subsection or the  
10 amount of the cost to educate the eligible student at the private  
11 school, whichever is less. The cost to educate the eligible student  
12 shall be equal to the average cost to educate all students attending  
13 the private school, which shall be calculated by dividing the  
14 private school's total expenditures in the previous year by the  
15 total enrollment in the previous school year. A private school  
16 shall be deemed to be primarily serving financially disadvantaged  
17 students if ninety percent (90%) of the private school's admissions  
18 are based on enrolling students whose gross family income is two  
19 hundred fifty percent (250%) of the federal poverty threshold or  
20 below;

21 ~~2.~~ 5. The taxpayer shall retain all receipts of qualified  
22 expenses as proof of the amounts paid each tax year the credit is  
23 claimed and shall submit them to the Commission upon request; and  
24

1        ~~3.~~ 6. If the credit exceeds the tax imposed by Section 2355 of  
2 Title 68 of the Oklahoma Statutes, the excess amount shall be  
3 refunded to the taxpayer; and

4        7. Credits claimed by a taxpayer pursuant to the provisions of  
5 this section shall not be used to offset or pay the following:

6            a. delinquent tax liability,

7            b. accrued penalty or interest from the failure to file a  
8            report or return,

9            c. accrued penalty or interest from the failure to pay a  
10           state tax within the statutory period allowed for its  
11           payment,

12           d. tax liability of the taxpayer from any prior tax year,  
13           or

14           e. any debt, unpaid fine, final judgment, or claim filed  
15           with the Commission by a qualified entity as defined  
16           in Section 205.2 of Title 68 of the Oklahoma Statutes.

17        D. 1. a. For tax year 2024, the total amount of credits  
18           authorized by ~~subparagraph a~~ of paragraph 1 of  
19           subsection C of this section shall not exceed One  
20           Hundred Fifty Million Dollars (\$150,000,000.00).

21           b. For ~~tax year 2025~~ the period of January 1, 2025,  
22           through June 30, 2025, the total amount of credits  
23           authorized by ~~subparagraph a~~ of paragraph 1 of  
24           subsection C of this section shall not exceed ~~Two~~



1 ~~Hundred Million Dollars (\$200,000,000.00)~~ One Hundred  
2 Million Dollars (\$100,000,000.00). The Commission  
3 shall not require a taxpayer who received a credit  
4 pursuant to paragraph 1 of subsection C of this  
5 section in tax year 2024 to reapply for a credit  
6 payable during the period described in this  
7 subparagraph and shall automatically authorize the  
8 credit payable to participating taxpayers. The  
9 Commission shall base the credit amount payable during  
10 the period described in this subparagraph on the fall  
11 2024 tuition amount listed on the enrollment  
12 verification form that was submitted by the taxpayer  
13 with the application for tax year 2024. The payment  
14 shall be the total credit amount provided for in  
15 paragraph 1 of subsection C of this section or the  
16 total tuition and fees for the 2024-2025 school year  
17 less any payment made for the fall semester of 2024,  
18 whichever is less.

19 c. For ~~tax year 2026, and subsequent tax years~~ fiscal  
20 year 2026 and subsequent fiscal years, the total  
21 amount of credits authorized by ~~subparagraph a of~~  
22 paragraph 1 of subsection C of this section shall not  
23 exceed Two Hundred Fifty Million Dollars  
24 (\$250,000,000.00).

1        2. For tax year 2025~~7~~ and subsequent tax years, the total  
2 amount of credits authorized by ~~subparagraph b~~ of paragraph ~~4~~ 3 of  
3 subsection C of this section shall not exceed Five Million Dollars  
4 (\$5,000,000.00).

5        E. The Commission shall prescribe applications for the purposes  
6 of claiming the credits authorized by the Oklahoma Parental Choice  
7 Tax Credit Act and a deadline by which applications shall be  
8 submitted. A taxpayer claiming the credit authorized by  
9 ~~subparagraph a~~ of paragraph 1 of subsection C of this section shall  
10 submit an application prescribed by the Commission to receive the  
11 credit in two installments, each of which shall be half of the  
12 expected amount of tuition and fees for the private school based on  
13 the ~~affidavit~~ enrollment verification form submitted pursuant to  
14 this subsection, but in no event shall an installment payment exceed  
15 ~~half~~ the amount of the credit authorized by ~~subparagraph a~~ of  
16 paragraph 1 of subsection C of this section. If an eligible  
17 taxpayer provides documentation on the application that he or she is  
18 a recipient of income-based government benefits including the  
19 Supplemental Nutrition Assistance Program (SNAP), Temporary  
20 Assistance for Needy Families (TANF), or SoonerCare, the eligible  
21 taxpayer shall not be required to provide additional income  
22 verification. A taxpayer claiming the credit authorized by  
23 ~~subparagraph a~~ of paragraph 1 of subsection C of this section shall  
24 submit to the Commission an ~~affidavit~~ enrollment verification form

1 from the private school in which the eligible student is enrolled or  
2 is expected to enroll with the tuition and fees to be charged the  
3 taxpayer for the applicable school year. In reviewing applications  
4 submitted by eligible taxpayers to determine whether they qualify  
5 for a credit authorized by ~~subparagraph a~~ of paragraph 1 of  
6 subsection C of this section, the Commission shall give first  
7 preference in making installments to taxpayers who qualify pursuant  
8 to ~~divisions (1) and (2) of subparagraph a~~ subparagraphs a and b of  
9 paragraph 1 of subsection C of this section. ~~The Commission shall~~  
10 ~~make the installments based on the expected amount of tuition and~~  
11 ~~fee amounts on the affidavit submitted pursuant to this subsection.~~  
12 For credits issued in the 2025-2026 school year and subsequent  
13 school years, the application period shall open on February 1 prior  
14 to the beginning of each school year. For any eligible student who  
15 is a member of a household in which the total federal adjusted gross  
16 income does not exceed One Hundred Fifty Thousand Dollars  
17 (\$150,000.00), applications shall be submitted to the Commission  
18 within the first sixty (60) days of the opening of the application  
19 period to receive priority consideration. For students enrolled in  
20 the full school year, the credit shall be paid in two installments,  
21 one per school semester, to be paid no later than August 30 and  
22 January 15, each of which shall be half of the total expected amount  
23 of tuition and fees on the enrollment verification form submitted  
24 pursuant to this subsection. For students enrolled in less than the

1 full school year, the credit shall be prorated by semester and  
2 issued no later than thirty (30) days after the application is  
3 approved or during the first thirty (30) days of the semester in  
4 which the student is enrolled, whichever is later. The prorated  
5 installment payment shall not be less than fifty percent (50%) of  
6 the total expected amount of tuition and fees for the private school  
7 based on the enrollment verification form submitted pursuant to this  
8 subsection, but in no event shall an installment payment exceed the  
9 amount of credit authorized by this section.

10 F. In the event there are more applications submitted by  
11 eligible taxpayers for a credit authorized by paragraph 1 of  
12 subsection C of this section than available credits pursuant to  
13 subsection D of this section, then the Commission shall give first  
14 preference in authorizing credits for eligible students of taxpayers  
15 who qualify pursuant to subparagraphs a and b of paragraph 1 of  
16 subsection C of this section and have received the credit in the  
17 prior year.

18 ~~F.~~ G. Taxpayers claiming the credit shall:

19 1. Only claim the credit for qualified expenses as defined in  
20 paragraphs 6 and 7 of subsection A of this section to provide an  
21 education for an eligible student;

22 2. Ensure no other person is claiming a credit for the eligible  
23 student;

24

1 3. Not claim the credit for an eligible student who enrolls as  
2 a full-time student in a public school district, public charter  
3 school, public virtual charter school, or magnet school; ~~and~~

4 4. Comply with rules and requirements established by the  
5 Commission for administration of the Oklahoma Parental Choice Tax  
6 Credit Program; and

7 5. Notify the Commission not later than thirty (30) days after  
8 the date on which the eligible student:

9 a. enrolls in a public school, including an open-  
10 enrollment charter school,

11 b. enrolls in a nonaccredited private school,

12 c. graduates from high school, or

13 d. is no longer utilizing credits authorized by paragraph  
14 1 of subsection C of this section for any reason.

15 ~~G. H.~~ Eligible students may accept a scholarship from the  
16 Lindsey Nicole Henry Scholarships for Students with Disabilities  
17 Program created by Section 13-101.2 of ~~Title 70 of the Oklahoma~~  
18 ~~Statutes~~ this title while participating in the Oklahoma Parental  
19 Choice Tax Credit Program.

20 ~~H. I.~~ 1. The Commission shall have the authority to conduct an  
21 audit or contract for the auditing of receipts for qualified  
22 expenses submitted pursuant to ~~subparagraph b of paragraph 1 3~~ of  
23 subsection C of this section.

24

1           2. The Commission shall be authorized to recapture the credits  
2 otherwise authorized by the provisions of ~~this act~~ the Oklahoma  
3 Parental Choice Tax Credit Act on a prorated basis if an audit  
4 conducted pursuant to this subsection shows that the credit was  
5 claimed for expenditures that were not qualified expenses or it  
6 finds that the taxpayer has claimed an eligible student who no  
7 longer attends a private school or has enrolled in a public school  
8 in the state.

9           3. The Commission shall be authorized to reallocate credits to  
10 the next eligible taxpayer in line when a taxpayer, on behalf of an  
11 eligible student in the program, chooses not to participate, is no  
12 longer eligible to participate, or chooses to forgo participation in  
13 the program for any reason.

14           4. The Commission shall provide notification of approval status  
15 to applicants within thirty (30) days of application submission.  
16 Notice to applicants with an eligible student whose parents or legal  
17 guardians have a combined adjusted gross income of more than One  
18 Hundred Fifty Thousand Dollars (\$150,000.00) shall be sent within  
19 thirty (30) days or no later than thirty (30) days after the last  
20 day of the priority consideration period.

21           ~~F.~~ J. In the event of a failure of revenue pursuant to the  
22 Oklahoma State Finance Act, the tax credits otherwise authorized in  
23 subsection C of this section shall be reduced proportionately to the  
24 reduction in the amount of money appropriated to the State Board of

1 Education for the financial support of public schools for the fiscal  
2 year in which the failure of revenue occurs.

3 ~~J.~~ K. The Commission shall make available on its website ~~the~~ to  
4 be updated monthly:

5 1. The total amount of credits claimed each ~~tax~~ year pursuant  
6 to ~~subparagraphs a and b of paragraph 1~~ paragraphs 1 through 4 of  
7 subsection C of this section;

8 2. The amount of credits claimed and number of students awarded  
9 each fiscal year pursuant to paragraph 1 of subsection C of this  
10 section disaggregated by income categories;

11 3. The total amount of credits claimed and number of students  
12 awarded who attended a public school in the semester immediately  
13 preceding the school year for which the application is made each  
14 year; and

15 4. The total number of applications denied and total amount of  
16 credits the denied applications represent for each fiscal year.

17 L. Credits received pursuant to the Oklahoma Parental Choice  
18 Tax Credit Act shall not constitute taxable income to a taxpayer who  
19 received the credit on behalf of an eligible student.

20 SECTION 4. It being immediately necessary for the preservation  
21 of the public peace, health, or safety, an emergency is hereby  
22  
23  
24

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

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