

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1572 _____ Of the printed Bill
Page _____ Section _____ Lines _____

Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu
thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Scott Fetgatter

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 PROPOSED COMMITTEE
SUBSTITUTE
4 FOR
HOUSE BILL NO. 1572

5 By: Fetgatter

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8 PROPOSED COMMITTEE SUBSTITUTE

9 An Act relating to revenue and taxation; amending
10 68 O.S. 2021, Section 2358.110, as amended by Section
11 4, Chapter 375, O.S.L. 2024 (68 O.S. Supp. 2025,
12 Section 2358.110), which relates to certain income
13 tax deduction; modifying taxable years for which
14 deduction allowable; and providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2358.110, as
17 amended by Section 4, Chapter 375, O.S.L. 2024 (68 O.S. Supp. 2025,
18 Section 2358.110), is amended to read as follows:

19 Section 2358.110. A. As used in this section:

20 1. "Accredited investor" means a person or entity as defined
21 pursuant to Section 230.501 of Title 17 of the Code of Federal
22 Regulations;

23 2. "Eligible Oklahoma business venture" means a lawful business
24 entity that is determined by the Oklahoma Center for the Advancement

1 of Science and Technology (OCAST) for receipt of an equity
2 investment by an eligible Oklahoma venture capital company. In
3 determining whether an investment is a qualified equity investment,
4 OCAST shall consider the potential impact the investment would have
5 on the local and state economy and shall consider the following
6 factors:

- 7 a. the primary location of the entity,
- 8 b. the number of employees located or to be located in
9 this state,
- 10 c. state and local revenues generated from the
11 investment,
- 12 d. the economic benefits to the state,
- 13 e. the type and amount of the investment,
- 14 f. the current capitalization level and strategy, and
- 15 g. the industry classification of the entity;

16 3. "Eligible Oklahoma venture capital company" means a lawfully
17 recognized business entity the primary business purpose of which is
18 to accumulate funds for making investments in lawful for profit
19 business entities and which is organized in any of the following
20 forms:

- 21 a. general partnership,
- 22 b. limited partnership,
- 23 c. limited liability partnership,
- 24 d. limited liability company,

e. corporation, or

f. other lawfully recognized business entity;

4. "Lawful business entity" means the following:

a. a person,

b. a general partnership,

c. a limited partnership,

d. a limited liability partnership,

e. a limited liability company, or

f. a corporation; and

5. "Qualified equity investment" means a transfer of cash or

its equivalent by an accredited investor to an eligible Oklahoma

venture capital company and for purposes of the deduction authorized

by this section in an amount not in excess of Twenty-five Million

Dollars (\$25,000,000.00) by an accredited investor during a taxable

year.

B. For tax years 2022-2027 through 2026-2031, there shall be

allowed a deduction from Oklahoma taxable income or Oklahoma

adjusted gross income as determined pursuant to Section 2358 of this

title equal to the amount of qualified equity investment in an

eligible Oklahoma venture capital entity made by an accredited

investor.

C. The maximum amount of qualified equity investment made by an

accredited investor for purposes of the deduction authorized by this

1 section shall not exceed Twenty-five Million Dollars
2 (\$25,000,000.00) for any taxable year of the investor.

3 D. Any qualified equity investment made for purposes of the
4 deduction authorized by this section shall be documented by the
5 issuance of shares of stock, membership interest or other evidence
6 of the equity interest acquired by the accredited investor. Such
7 evidence may take the form of physical shares or the electronic
8 equivalent of physical shares.

9 E. Records of the equity interest acquired by an accredited
10 investor shall be maintained by the accredited investor and the
11 eligible Oklahoma venture capital company for a period of at least
12 five (5) years from the date the equity investment is made by an
13 accredited investor.

14 F. A qualified equity investment made by an accredited investor
15 for purposes of the deduction authorized by this section shall not
16 be returned by the eligible Oklahoma venture capital company to the
17 accredited investor, if the accredited investor is a natural person,
18 or to any person related to such natural person within the third
19 degree of consanguinity or affinity, for a period of three (3) years
20 from the date of the qualified equity investment unless the return
21 is in the form of a dividend or other payment agreed to prior to or
22 simultaneously with the equity investment transfer from the
23 accredited investor to the eligible Oklahoma venture capital company
24 and only if the return of some part of the qualified equity

1 investment is based on the financial performance of either the
2 eligible Oklahoma venture capital company or the financial
3 performance of one or more for profit business entities in which the
4 accumulated equity funds of the eligible Oklahoma venture capital
5 company are further invested or both such measures of financial
6 performance.

7 G. A qualified equity investment made by an accredited investor
8 for purposes of the deduction authorized by this section shall not
9 be returned by the eligible Oklahoma venture capital company to the
10 accredited investor if the accredited investor is a lawful business
11 entity, or to any entity which owns fifty-one percent (51%) or more
12 of the voting equity interest of the accredited investor or to any
13 lawful business entity with respect to which the accredited investor
14 owns fifty-one percent (51%) or more of the voting equity interest,
15 within a period of five (5) years from the date of the equity
16 investment unless the return is in the form of a dividend or other
17 payment agreed to prior to or simultaneously with the equity
18 investment transfer from the accredited investor to the eligible
19 Oklahoma venture capital company and only if the return of some part
20 of the qualified equity investment is based on the financial
21 performance of either the eligible Oklahoma venture capital company
22 or the financial performance of one or more for profit business
23 entities in which the accumulated equity funds of the eligible
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1 Oklahoma venture capital company are further invested or both such
2 measures of financial performance.

3 H. The deduction authorized by the provisions of this section
4 shall not be used to reduce the Oklahoma taxable income amount or
5 the Oklahoma adjusted gross income amount to less than zero (0).

6 There shall not be any carryover with respect to a deduction
7 authorized by the provisions of this section.

8 I. If the Oklahoma Tax Commission determines, either from
9 information accompanying any applicable income tax return or
10 schedule, form or supporting documentation filed in order to claim
11 the deduction authorized by this section, that the requirements of
12 this section were not fulfilled, the Oklahoma Tax Commission shall
13 notify the taxpayer claiming the deduction that the deduction has
14 been disallowed and the income tax liability for the taxpayer shall
15 be recalculated. The taxpayer shall retain all rights authorized
16 pursuant to the provisions of the Uniform Tax Procedure Code and the
17 Oklahoma Income Tax Code in order to contest the disallowance of
18 part or all of such deductions.

19 J. OCAST may promulgate rules to enforce the provisions of this
20 act. OCAST shall annually publish a report on the program created
21 in this section.

22 SECTION 2. This act shall become effective January 1, 2027.

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