

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL 2645

By: Hilbert of the House

and

Paxton of the Senate

COMMITTEE SUBSTITUTE

[revenue - taxation - medicine - terms - credit -
limitations - time period - Oklahoma Tax Commission -
estimate - circumstances - codification - effective
date]

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 2357.410 of Title 68, unless
there is created a duplication in numbering, reads as follows:

A. Except as provided in subsection F of this section, for tax
year 2026 and subsequent tax years, there shall be allowed a credit
against the tax imposed pursuant to Section 2355 of Title 68 of the
Oklahoma Statutes on taxable income from compensation directly
related to the practice of medicine or osteopathic medicine by a
qualifying doctor in a rural area of this state.

B. For purposes of this section:

1 1. "Qualifying doctor" means a medical doctor or osteopathic
2 physician:

- 3 a. who is licensed in this state by the State Board of
4 Medical Licensure and Supervision or the State Board
5 of Osteopathic Examiners either on or after the
6 effective date of this act or at any time within the
7 period two (2) years prior to the effective date of
8 this act, but not earlier than January 1, 2024,
- 9 b. who has graduated from a college of medicine or
10 osteopathic medicine located in this state or has
11 completed his or her residency in this state, and
- 12 c. whose primary residence is located within the same
13 county as the rural area where the compensation
14 qualifying for credit under this paragraph was earned.
15 For purposes of this subparagraph, the qualifying
16 doctor must maintain the primary residence either
17 within the county for the entire taxable year for
18 which the credit otherwise authorized by this section
19 is claimed; and

20 2. "Rural area" means any municipality or unincorporated
21 location in this state which:

- 22 a. has a population not exceeding twenty-five thousand
23 (25,000) as determined by the most recent Federal
24 Decennial Census, and

b. is at least twenty-five (25) miles from the boundary of the nearest municipality in this state with a population exceeding twenty-five thousand (25,000) as determined by the most recent Federal Decennial Census.

C. The amount of the credit provided by this section claimed by a taxpayer in any tax year shall not exceed Twenty Thousand Dollars (\$20,000.00).

D. The credit authorized by this section shall not be used to reduce the tax liability of the taxpayer to less than zero (0).

E. Except as provided in subsection F of this section, a qualifying doctor who first claims the credit provided by this section shall be allowed the credit for up to four (4) subsequent taxable years so long as he or she qualifies pursuant to the provisions of this section.

F. For tax year 2028 and subsequent tax years, the total amount of credits authorized by this section shall not exceed One Million Dollars (\$1,000,000.00). The Oklahoma Tax Commission shall annually calculate and publish a percentage by which the credits authorized by this section shall be reduced so the total amount of credits used to offset tax does not exceed the annual limit. The formula to be used for the percentage adjustment shall be One Million Dollars (\$1,000,000.00) divided by the amount of credit claimed in the second preceding tax year. In the event the total tax credits

1 authorized by this section exceed the annual limit in any tax year,
2 the Tax Commission shall permit any excess but shall factor such
3 excess into the percentage adjustment formula for subsequent tax
4 years.

5 SECTION 2. This act shall become effective January 1, 2026.

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