

An Act

ENROLLED HOUSE
BILL NO. 2645

By: Hilbert, Pogemiller, and
Eaves of the House

and

Paxton and Hall of the
Senate

An Act relating to revenue and taxation; establishing an income tax credit for income from compensation related to certain practice of medicine or osteopathic medicine; defining terms; providing credit amount; prohibiting credit from reducing taxpayer's tax liability to less than zero; specifying time period during which credit is allowed; establishing annual cap on the total amount of credits authorized; requiring Oklahoma Tax Commission to calculate and publish certain percentage; providing the formula for percentage adjustment; providing for codification; and providing an effective date.

SUBJECT: Revenue and taxation

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

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

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

- a. has a population not exceeding twenty-five thousand (25,000) as determined by the most recent Federal 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 authorized by this section exceed the annual limit in any tax year, the Tax Commission shall permit any excess but shall factor such excess into the percentage adjustment formula for subsequent tax years.

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

Passed the House of Representatives the 28th day of May, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the 29th day of May, 2025.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____