

1 **SENATE FLOOR VERSION**  
February 25, 2026  
2 **AS AMENDED**

3 SENATE BILL NO. 1992

By: Hall of the Senate

4 and

5 Caldwell (Trey) of the  
6 House

7  
8 **[ income tax - credit - effective date ]**  
9

10  
11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY Section 1, Chapter 340, O.S.L.  
13 2022, as amended by Section 1, Chapter 164, O.S.L. 2024 (68 O.S.  
14 Supp. 2025, Section 2357.105), is amended to read as follows:

15 Section 2357.105. A. As used in this section:

16 1. "Eligible entity" means an entity incorporated and located  
17 in the state with a qualifying project in a qualifying project  
18 location;

19 2. "Qualifying project" means the new construction or expansion  
20 of an eligible entity or the development of qualified initial  
21 infrastructure to serve an eligible entity in a qualifying project  
22 location;

23 3. "Qualifying project location" means a project located in an  
24 industrial park, economic development zone, or port located within a

1 county in this state with a population of less than one hundred  
2 thousand (100,000) persons ("Qualified Area"), or a project located  
3 adjacent to a terminal, switching, or Class II or III railroad as  
4 defined by the federal Surface Transportation Board;

5 4. "Project sponsor" means a local economic development  
6 organization or authority, port authority, qualified industrial  
7 park, or a terminal, switching, or Class II or III railroad;

8 5. "Project application" means an application submitted by a  
9 project sponsor on behalf of a qualifying project for an allocation  
10 of qualifying strategic industrial development enhancement (SIDE)  
11 tax credits. Project applications must include a description of the  
12 qualifying project, project location, detailed project costs, and a  
13 summary of expected economic benefits and job creation;

14 6. "Qualified economic development expenditures" means  
15 expenditures for land improvements, building construction, building  
16 improvements and expansion, port terminal improvements, and the  
17 purchase of certain machinery and equipment;

18 7. "Qualified initial infrastructure expenditures" means  
19 expenditures for new rail infrastructure and improvements, which  
20 includes the acquisition of right-of-way, engineering,  
21 rehabilitation of existing inactive track to reinstate operation,  
22 construction of new track such as industrial leads, switches, spurs,  
23 and sidings, loading dock improvements, and transloading structures  
24 involved with providing rail service to a qualifying project; and

1 8. "Project tax credit amount" means the amount of tax credits  
2 allocated by Oklahoma Department of Commerce to a qualifying project  
3 for qualified economic development and initial infrastructure  
4 expenditures; and

5 9. "Strategic finance partner" means any entity, regardless of  
6 legal form, that provides capital to a qualifying project. Capital  
7 contributions may include, but are not limited to, cash, loans,  
8 guarantees, other financial instruments, or services that support  
9 the eligible entity in the completion of a qualifying project. A  
10 strategic finance partner shall be subject to the Oklahoma corporate  
11 or individual income tax to qualify as a qualifying project  
12 affiliate.

13 B. For tax years beginning after December 31, 2022, and ending  
14 not later than December 31, 2027, there shall be allowed a credit  
15 against the tax imposed pursuant to Section 2355 of this title in an  
16 amount not to exceed ten percent (10%) of an eligible entity's  
17 qualified economic development expenditures, subject to limitations,  
18 determination, and allocation by the Oklahoma Department of  
19 Commerce.

20 C. The total project tax credit amount may not exceed ten  
21 percent (10%) of the qualified economic development expenditures,  
22 except for qualified initial infrastructure expenditures the project  
23 tax credit amount is earned at the rate of fifty percent (50%) of  
24 qualified initial infrastructure expenditures.

1 D. 1. The project tax credit amount for qualified economic  
2 development expenditures may not exceed Six Million Dollars  
3 (\$6,000,000.00) per qualifying project.

4 2. The project tax credit amount for qualified initial  
5 infrastructure expenditures may not exceed Three Million Dollars  
6 (\$3,000,000.00) per qualifying project.

7 Projects are eligible to combine qualified economic development  
8 and qualified initial infrastructure expenditures, but the total  
9 project tax credit amount may not exceed Six Million Dollars  
10 (\$6,000,000.00) per qualifying project in aggregate.

11 E. The issuance of the project tax credit amount shall be  
12 subject to review of eligible expenditures and qualifying project  
13 status by the Oklahoma Department of Commerce.

14 F. The credits authorized pursuant to this section may not be  
15 used to reduce the tax liability of the taxpayer to less than zero  
16 (0).

17 G. The credits allowed pursuant to this section that are not  
18 used may be assigned to a qualifying project affiliate by written  
19 agreement at any time during the tax year in which the credit is  
20 earned or the five (5) years following the tax year the qualified  
21 expenditures are incurred. For purposes of this subsection, a  
22 "qualifying project affiliate" shall include a customer, vendor,  
23 project investor, or strategic finance partner of the eligible  
24 entity subject to the Oklahoma corporate or individual income tax.

1 The eligible taxpayer and the qualifying project affiliate must  
2 jointly file a copy of the written assignment agreement with the  
3 Oklahoma Tax Commission within thirty (30) days of the assignment.  
4 The written agreement must contain the name, address, and taxpayer  
5 identification number of the parties to the assignment, the tax year  
6 the eligible taxpayer incurred the qualified expenditures, the  
7 amount of credit being assigned, and the tax year or years for which  
8 the credit may be claimed.

9 H. To the extent not used, the tax credit authorized by this  
10 section may be carried over, in order, to each of the five (5)  
11 subsequent taxable years.

12 I. Credits allocated by the Department shall not exceed Twelve  
13 Million Dollars (\$12,000,000.00) in a tax year. Qualifying projects  
14 that have submitted an application and are not allocated all or part  
15 of credit for qualified economic development expenditures or  
16 qualified initial infrastructure expenditures shall be eligible for  
17 credit in subsequent tax years.

18 J. 1. The Oklahoma Tax Commission may promulgate rules, forms,  
19 and regulations as are necessary to implement and administer the  
20 provisions of this section and certify the tax credit amount  
21 generated by each qualifying project annually.

22 2. The Oklahoma Department of Commerce shall promulgate rules  
23 to permit verification of the eligibility of a qualifying project  
24 for the purpose of claiming the credit. The rules shall provide for

1 the approval of qualified economic development expenditures prior to  
2 commencement of a project, provide for the approval of a strategic  
3 finance partner, and provide a certificate of verification upon  
4 completion of a project that uses qualified economic development  
5 expenditures. The certificate of verification shall satisfy all  
6 requirements of the Oklahoma Tax Commission pertaining to the  
7 eligibility of the eligible taxpayer claiming the credit.

8 SECTION 2. This act shall become effective November 1, 2026.

9 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
10 February 25, 2026 - DO PASS AS AMENDED

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