

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 100

By: Bergstrom

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 2358, as last amended by Section 155, Chapter 452, O.S.L. 2024 (68 O.S. Supp. 2024, Section 2358), which relates to adjustments; exempting certain income from taxable income; updating statutory language; updating statutory references; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2358, as last amended by Section 155, Chapter 452, O.S.L. 2024 (68 O.S. Supp. 2024, Section 2358), is amended to read as follows:

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

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

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

6        2. There shall be deducted amounts included in such income that  
7 the state is prohibited from taxing because of the provisions of the  
8 ~~Federal~~ United States Constitution, the ~~State~~ Oklahoma Constitution,  
9 federal laws or laws of Oklahoma.

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

12           a. For carryovers and carrybacks to taxable years  
13           beginning before January 1, 1981, the amount of any  
14           net operating loss deduction allowed to a taxpayer for  
15           federal income tax purposes shall be reduced to an  
16           amount which is the same portion thereof as the loss  
17           from sources within this state, as determined pursuant  
18           to this section and Section 2362 of this title, for  
19           the taxable year in which such loss is sustained is of  
20           the total loss for such year;

21           b. For carryovers and carrybacks to taxable years  
22           beginning after December 31, 1980, the amount of any  
23           net operating loss deduction allowed for the taxable  
24           year shall be an amount equal to the aggregate of the

Oklahoma net operating loss carryovers and carrybacks to such year. Oklahoma net operating losses shall be separately determined by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, as modified by the Oklahoma Income Tax Act, Section 2351 et seq. of this title, and shall be allowed without regard to the existence of a federal net operating loss. For tax years beginning after December 31, 2000, and ending before January 1, 2008, the years to which such losses may be carried shall be determined solely by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, with the exception that the terms "net operating loss" and "taxable income" shall be replaced with "Oklahoma net operating loss" and "Oklahoma taxable income". For tax years beginning after December 31, 2007, and ending before January 1, 2009, years to which such losses may be carried back shall be limited to two (2) years. For tax years beginning after December 31, 2008, the years to which such losses may be carried back shall be determined solely by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, with the exception that the terms "net

1 operating loss" and "taxable income" shall be replaced  
2 with "Oklahoma net operating loss" and "Oklahoma  
3 taxable income".

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

9 a. Income from real and tangible personal property, such  
10 as rents, oil and mining production or royalties, and  
11 gains or losses from sales of such property, shall be  
12 allocated in accordance with the situs of such  
13 property;

14 b. Income from intangible personal property, such as  
15 interest, dividends, patent or copyright royalties,  
16 and gains or losses from sales of such property, shall  
17 be allocated in accordance with the domiciliary situs  
18 of the taxpayer, except that:

19 (1) where such property has acquired a nonunitary  
20 business or commercial situs apart from the  
21 domicile of the taxpayer such income shall be  
22 allocated in accordance with such business or  
23 commercial situs; interest income from  
24 investments held to generate working capital for  
25

1 a unitary business enterprise shall be included  
2 in apportionable income; a resident trust or  
3 resident estate shall be treated as having a  
4 separate commercial or business situs insofar as  
5 undistributed income is concerned, but shall not  
6 be treated as having a separate commercial or  
7 business situs insofar as distributed income is  
8 concerned,

- 9 (2) for taxable years beginning after December 31,  
10 2003, capital or ordinary gains or losses from  
11 the sale of an ownership interest in a publicly  
12 traded partnership, as defined by Section 7704(b)  
13 of the Internal Revenue Code of 1986, as amended,  
14 shall be allocated to this state in the ratio of  
15 the original cost of such partnership's tangible  
16 property in this state to the original cost of  
17 such partnership's tangible property everywhere,  
18 as determined at the time of the sale; if more  
19 than fifty percent (50%) of the value of the  
20 partnership's assets consists of intangible  
21 assets, capital or ordinary gains or losses from  
22 the sale of an ownership interest in the  
23 partnership shall be allocated to this state in  
24 accordance with the sales factor of the

1 partnership for its first full tax period  
2 immediately preceding its tax period during which  
3 the ownership interest in the partnership was  
4 sold; the provisions of this division shall only  
5 apply if the capital or ordinary gains or losses  
6 from the sale of an ownership interest in a  
7 partnership do not constitute qualifying gain  
8 receiving capital treatment as defined in  
9 subparagraph a of paragraph 2 of subsection F of  
10 this section,

11 (3) income from such property which is required to be  
12 allocated pursuant to the provisions of paragraph  
13 5 of this subsection shall be allocated as herein  
14 provided;

15 c. Net income or loss from a business activity which is  
16 not a part of business carried on within or without  
17 the state of a unitary character shall be separately  
18 allocated to the state in which such activity is  
19 conducted;

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

23 (1) sales having a situs without this state, shipped  
24 directly to a point from without the state to a  
25

1 purchaser within the state, commonly known as  
2 interstate sales,

3 (2) sales of the product stored in public warehouses  
4 within the state pursuant to "in transit"  
5 tariffs, as prescribed and allowed by the  
6 Interstate Commerce Commission, to a purchaser  
7 within the state,

8 (3) sales of the product stored in public warehouses  
9 within the state where the shipment to such  
10 warehouses is not covered by "in transit"  
11 tariffs, as prescribed and allowed by the  
12 Interstate Commerce Commission, to a purchaser  
13 within or without the state,

14 the Oklahoma net income shall, at the option of the  
15 taxpayer, be that portion of the total net income of  
16 the taxpayer for federal income tax purposes derived  
17 from the manufacture and/or processing and sales  
18 everywhere as determined by the ratio of the sales  
19 defined in this section made to the purchaser within  
20 the state to the total sales everywhere. The term  
21 "public warehouse" as used in this subparagraph means  
22 a licensed public warehouse, the principal business of  
23 which is warehousing merchandise for the public;  
24

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

6 (1) except as otherwise provided by division (2) of  
7 this subparagraph, taxable income of an insurance  
8 company for a taxable year shall be apportioned  
9 to this state by multiplying such income by a  
10 fraction, the numerator of which is the direct  
11 premiums written for insurance on property or  
12 risks in this state, and the denominator of which  
13 is the direct premiums written for insurance on  
14 property or risks everywhere. For purposes of  
15 this subsection, the term "direct premiums  
16 written" means the total amount of direct  
17 premiums written, assessments and annuity  
18 considerations as reported for the taxable year  
19 on the annual statement filed by the company with  
20 the Insurance Commissioner in the form approved  
21 by the National Association of Insurance  
22 Commissioners, or such other form as may be  
23 prescribed in lieu thereof,  
24



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

1 the proportion which the sum of the direct  
2 premiums written for insurance on property or  
3 risks in this state by each ceding company from  
4 which reinsurance is accepted bears to the sum of  
5 the total direct premiums written by each such  
6 ceding company for the taxable year.

7 5. The net income or loss remaining after the separate  
8 allocation in paragraph 4 of this subsection, being that which is  
9 derived from a unitary business enterprise, shall be apportioned to  
10 this state on the basis of the arithmetical average of three factors  
11 consisting of property, payroll and sales or gross revenue  
12 enumerated as subparagraphs a, b and c of this paragraph. Net  
13 income or loss as used in this paragraph includes that derived from  
14 patent or copyright royalties, purchase discounts, and interest on  
15 accounts receivable relating to or arising from a business activity,  
16 the income from which is apportioned pursuant to this subsection,  
17 including the sale or other disposition of such property and any  
18 other property used in the unitary enterprise. Deductions used in  
19 computing such net income or loss shall not include taxes based on  
20 or measured by income. Provided, for corporations whose property  
21 for purposes of the tax imposed by Section 2355 of this title has an  
22 initial investment cost equaling or exceeding Two Hundred Million  
23 Dollars (\$200,000,000.00) and such investment is made on or after  
24 July 1, 1997, or for corporations which expand their property or

1 facilities in this state and such expansion has an investment cost  
2 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)  
3 over a period not to exceed three (3) years, and such expansion is  
4 commenced on or after January 1, 2000, the three factors shall be  
5 apportioned with property and payroll, each comprising twenty-five  
6 percent (25%) of the apportionment factor and sales comprising fifty  
7 percent (50%) of the apportionment factor. The apportionment  
8 factors shall be computed as follows:

9       a. The property factor is a fraction, the numerator of  
10       which is the average value of the taxpayer's real and  
11       tangible personal property owned or rented and used in  
12       this state during the tax period and the denominator  
13       of which is the average value of all the taxpayer's  
14       real and tangible personal property everywhere owned  
15       or rented and used during the tax period.

16       (1) Property, the income from which is separately  
17       allocated in paragraph 4 of this subsection,  
18       shall not be included in determining this  
19       fraction. The numerator of the fraction shall  
20       include a portion of the investment in  
21       transportation and other equipment having no  
22       fixed situs, such as rolling stock, buses, trucks  
23       and trailers, including machinery and equipment  
24       carried thereon, airplanes, salespersons'

1 automobiles and other similar equipment, in the  
2 proportion that miles traveled in ~~Oklahoma~~ this  
3 state by such equipment bears to total miles  
4 traveled,

5 (2) Property owned by the taxpayer is valued at its  
6 original cost. Property rented by the taxpayer  
7 is valued at eight times the net annual rental  
8 rate. Net annual rental rate is the annual  
9 rental rate paid by the taxpayer, less any annual  
10 rental rate received by the taxpayer from  
11 subrentals,

12 (3) The average value of property shall be determined  
13 by averaging the values at the beginning and  
14 ending of the tax period but the Oklahoma Tax  
15 Commission may require the averaging of monthly  
16 values during the tax period if reasonably  
17 required to reflect properly the average value of  
18 the taxpayer's property;

19 b. The payroll factor is a fraction, the numerator of  
20 which is the total compensation for services rendered  
21 in the state during the tax period, and the  
22 denominator of which is the total compensation for  
23 services rendered everywhere during the tax period.  
24 "Compensation", as used in this subsection, means

1 those paid-for services to the extent related to the  
2 unitary business but does not include officers'  
3 salaries, wages and other compensation.

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

13 (2) In any case the numerator of the fraction shall  
14 include a portion of such expenditures in  
15 connection with itinerant employees, such as  
16 traveling salespersons, in this state only a part  
17 of the time, in the proportion that time spent in  
18 ~~Oklahoma~~ this state bears to total time spent in  
19 furtherance of the enterprise by such employees;

20 c. The sales factor is a fraction, the numerator of which  
21 is the total sales or gross revenue of the taxpayer in  
22 this state during the tax period, and the denominator  
23 of which is the total sales or gross revenue of the  
24 taxpayer everywhere during the tax period. "Sales",  
25

1 as used in this subsection, does not include sales or  
2 gross revenue which are separately allocated in  
3 paragraph 4 of this subsection.

4 (1) Sales of tangible personal property have a situs  
5 in this state if the property is delivered or  
6 shipped to a purchaser other than the United  
7 States government, within this state regardless  
8 of the ~~FOB~~ Freight on Board (FOB) point or other  
9 conditions of the sale; or the property is  
10 shipped from an office, store, warehouse, factory  
11 or other place of storage in this state and (a)  
12 the purchaser is the United States government or  
13 (b) the taxpayer is not doing business in the  
14 state of the destination of the shipment.

15 (2) In the case of a railroad or interurban railway  
16 enterprise, the numerator of the fraction shall  
17 not be less than the allocation of revenues to  
18 this state as shown in its annual report to the  
19 Corporation Commission.

20 (3) In the case of an airline, truck or bus  
21 enterprise or freight car, tank car, refrigerator  
22 car or other railroad equipment enterprise, the  
23 numerator of the fraction shall include a portion  
24 of revenue from interstate transportation in the  
25

1 proportion that interstate mileage traveled in  
2 ~~Oklahoma~~ this state bears to total interstate  
3 mileage traveled.

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

19 (5) In the case of a telephone or telegraph or other  
20 communication enterprise, the numerator of the  
21 fraction shall include that portion of the  
22 interstate revenue as is allocated pursuant to  
23 the accounting procedures prescribed by the  
24 Federal Communications Commission; provided that

1 in respect to each corporation or business entity  
2 required by the Federal Communications Commission  
3 to keep its books and records in accordance with  
4 a uniform system of accounts prescribed by such  
5 Commission, the intrastate net income shall be  
6 determined separately in the manner provided by  
7 such uniform system of accounts and only the  
8 interstate income shall be subject to allocation  
9 pursuant to the provisions of this subsection.  
10 Provided further, that the gross revenue factors  
11 shall be those as are determined pursuant to the  
12 accounting procedures prescribed by the Federal  
13 Communications Commission.

14 In any case where the apportionment of the three factors  
15 prescribed in this paragraph attributes to ~~Oklahoma~~ this state a  
16 portion of net income of the enterprise out of all appropriate  
17 proportion to the property owned and/or business transacted within  
18 this state, because of the fact that one or more of the factors so  
19 prescribed are not employed to any appreciable extent in furtherance  
20 of the enterprise; or because one or more factors not so prescribed  
21 are employed to a considerable extent in furtherance of the  
22 enterprise; or because of other reasons, the Tax Commission is  
23 empowered to permit, after a showing by taxpayer that an excessive  
24 portion of net income has been attributed to ~~Oklahoma~~ this state, or



1 require, when in its judgment an insufficient portion of net income  
2 has been attributed to ~~Oklahoma~~ this state, the elimination,  
3 substitution, or use of additional factors, or reduction or increase  
4 in the weight of such prescribed factors. Provided, however, that  
5 any such variance from such prescribed factors which has the effect  
6 of increasing the portion of net income attributable to ~~Oklahoma~~  
7 this state must not be inherently arbitrary, and application of the  
8 recomputed final apportionment to the net income of the enterprise  
9 must attribute to ~~Oklahoma~~ this state only a reasonable portion  
10 thereof.

11 6. For calendar years 1997 and 1998, the owner of a new or  
12 expanded agricultural commodity processing facility in this state  
13 may exclude from Oklahoma taxable income, or in the case of an  
14 individual, the Oklahoma adjusted gross income, fifteen percent  
15 (15%) of the investment by the owner in the new or expanded  
16 agricultural commodity processing facility. For calendar year 1999,  
17 and all subsequent years, the percentage, not to exceed fifteen  
18 percent (15%), available to the owner of a new or expanded  
19 agricultural commodity processing facility in this state claiming  
20 the exemption shall be adjusted annually so that the total estimated  
21 reduction in tax liability does not exceed One Million Dollars  
22 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules  
23 for determining the percentage of the investment which each eligible  
24 taxpayer may exclude. The exclusion provided by this paragraph

1 shall be taken in the taxable year when the investment is made. In  
2 the event the total reduction in tax liability authorized by this  
3 paragraph exceeds One Million Dollars (\$1,000,000.00) in any  
4 calendar year, the Tax Commission shall permit any excess over One  
5 Million Dollars (\$1,000,000.00) and shall factor such excess into  
6 the percentage for subsequent years. Any amount of the exemption  
7 permitted to be excluded pursuant to the provisions of this  
8 paragraph but not used in any year may be carried forward as an  
9 exemption from income pursuant to the provisions of this paragraph  
10 for a period not exceeding six (6) years following the year in which  
11 the investment was originally made.

12 For purposes of this paragraph:

- 13 a. "Agricultural commodity processing facility" means  
14 ~~building~~ buildings, structures, fixtures and  
15 improvements used or operated primarily for the  
16 processing or production of marketable products from  
17 agricultural commodities. The term shall also mean a  
18 dairy operation that requires a depreciable investment  
19 of at least Two Hundred Fifty Thousand Dollars  
20 (\$250,000.00) and which produces milk from dairy cows.  
21 The term does not include a facility that provides  
22 only, and nothing more than, storage, cleaning, drying  
23 or transportation of agricultural commodities, and  
24

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

- 3           (1) the processing of agricultural commodities,  
4                 including receiving or storing agricultural  
5           commodities, or the production of milk at a dairy  
6           operation,  
7           (2) transporting the agricultural commodities or  
8           product before, during or after the processing,  
9           or  
10          (3) packaging or otherwise preparing the product for  
11          sale or shipment.

12          7. Despite any provision to the contrary in paragraph 3 of this  
13          subsection, for taxable years beginning after December 31, 1999, in  
14          the case of a taxpayer which has a farming loss, such farming loss  
15          shall be considered a net operating loss carryback in accordance  
16          with and to the extent of the Internal Revenue Code of 1986, as  
17          amended, 26 U.S.C., Section ~~172(b)(G)~~ 172(b)(1)(B). However, the  
18          amount of the net operating loss carryback shall not exceed the  
19          lesser of:

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

1        8. In taxable years beginning after December 31, 1995, all  
2 qualified wages equal to the federal income tax credit set forth in  
3 26 U.S.C.A., Section 45A, shall be deducted from taxable income.  
4 The deduction allowed pursuant to this paragraph shall only be  
5 permitted for the tax years in which the federal tax credit pursuant  
6 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this  
7 paragraph, "qualified wages" means those wages used to calculate the  
8 federal credit pursuant to 26 U.S.C.A., Section 45A.

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

15        10. For taxable years beginning on or after January 1, 2010,  
16 there shall be added to Oklahoma taxable income an amount equal to  
17 the amount of deferred income not included in such taxable income  
18 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986  
19 as amended by Section 1231 of the American Recovery and Reinvestment  
20 Act of 2009 (P.L. No. 111-5). There shall be subtracted from  
21 Oklahoma taxable income an amount equal to the amount of deferred  
22 income included in such taxable income pursuant to Section 108(i)(1)  
23 of the Internal Revenue Code of 1986 as amended by Section 1231 of  
24 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

11. For taxable years beginning on or after January 1, 2019, there shall be subtracted from Oklahoma taxable income or adjusted gross income any item of income or gain, and there shall be added to Oklahoma taxable income or adjusted gross income any item of loss or deduction that in the absence of an election pursuant to the provisions of the Pass-Through Entity Tax Equity Act of 2019 would be allocated to a member or to an indirect member of an electing pass-through entity pursuant to Section 2351 et seq. of this title, if (i) the electing pass-through entity has accounted for such item in computing its Oklahoma net entity income or loss pursuant to the provisions of the Pass-Through Entity Tax Equity Act of 2019, and (ii) the total amount of tax attributable to any resulting Oklahoma net entity income has been paid. The Oklahoma Tax Commission shall promulgate rules for the reporting of such exclusion to direct and indirect members of the electing pass-through entity. As used in this paragraph, "electing pass-through entity", "indirect member", and "member" shall be defined in the same manner as prescribed by Section 2355.1P-2 of this title. Notwithstanding the application of this paragraph, the adjusted tax basis of any ownership interest in a pass-through entity for purposes of Section 2351 et seq. of this title shall be equal to its adjusted tax basis for federal income tax purposes.

B. 1. The taxable income of any corporation shall be further adjusted to arrive at Oklahoma taxable income, except those

1 corporations electing treatment as provided in subchapter S of the  
2 Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1361  
3 et seq., and Section 2365 of this title, deductions pursuant to the  
4 provisions of the Accelerated Cost Recovery System as ~~defined~~  
5 provided and allowed in the Economic Recovery Tax Act of 1981,  
6 Public Law 97-34, 26 U.S.C., Section 168, for depreciation of assets  
7 placed into service after December 31, 1981, shall not be allowed in  
8 calculating Oklahoma taxable income. Such corporations shall be  
9 allowed a deduction for depreciation of assets placed into service  
10 after December 31, 1981, in accordance with provisions of the  
11 Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1 et  
12 seq., in effect immediately prior to the enactment of the  
13 Accelerated Cost Recovery System. The Oklahoma tax basis for all  
14 such assets placed into service after December 31, 1981, calculated  
15 in this section shall be retained and utilized for all Oklahoma  
16 income tax purposes through the final disposition of such assets.

17 Notwithstanding any other provisions of the Oklahoma Income Tax  
18 Act, Section 2351 et seq. of this title, or of the Internal Revenue  
19 Code of 1986, as amended, to the contrary, this subsection shall  
20 control calculation of depreciation of assets placed into service  
21 after December 31, 1981, and before January 1, 1983.

22 For assets placed in service and held by a corporation in which  
23 ~~accelerated cost recovery system~~ the Accelerated Cost Recovery  
24 System was previously disallowed, an adjustment to taxable income is

1 required in the first taxable year beginning after December 31,  
2 1982, to reconcile the basis of such assets to the basis allowed in  
3 the Internal Revenue Code of 1986, as amended. The purpose of this  
4 adjustment is to equalize the basis and allowance for depreciation  
5 accounts between that reported to the Internal Revenue Service and  
6 that reported to ~~Oklahoma~~ this state.

7 2. For tax years beginning on or after January 1, 2009, and  
8 ending on or before December 31, 2009, there shall be added to  
9 Oklahoma taxable income any amount in excess of One Hundred Seventy-  
10 five Thousand Dollars (\$175,000.00) which has been deducted as a  
11 small business expense under Internal Revenue Code of 1986, as  
12 amended, Section 179 as provided in the American Recovery and  
13 Reinvestment Act of 2009.

14 C. 1. For taxable years beginning after December 31, 1987, the  
15 taxable income of any corporation shall be further adjusted to  
16 arrive at Oklahoma taxable income for transfers of technology to  
17 qualified small businesses located in ~~Oklahoma~~ this state. Such  
18 transferor corporation shall be allowed an exemption from taxable  
19 income of an amount equal to the amount of royalty payment received  
20 as a result of such transfer; provided, however, such amount shall  
21 not exceed ten percent (10%) of the amount of gross proceeds  
22 received by such transferor corporation as a result of the  
23 technology transfer. Such exemption shall be allowed for a period  
24 not to exceed ten (10) years from the date of receipt of the first

royalty payment accruing from such transfer. No exemption may be claimed for transfers of technology to qualified small businesses made prior to January 1, 1988.

2. For purposes of this subsection:

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

(1) Capitalization of not more than Two Hundred Fifty Thousand Dollars (\$250,000.00),

(2) Having at least fifty percent (50%) of its employees and assets located in ~~Oklahoma~~ this state at the time of the transfer, and

(3) Not a subsidiary or affiliate of the transferor corporation;

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

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



1           d.    "Gross proceeds" means the total amount of  
2                   consideration for the transfer of technology, whether  
3                   the consideration is in money or otherwise.

4           D.   1.   For taxable years beginning after December 31, 2005, the  
5   taxable income of any corporation, estate or trust, shall be further  
6   adjusted for qualifying gains receiving capital treatment.  Such  
7   corporations, estates or trusts shall be allowed a deduction from  
8   Oklahoma taxable income for the amount of qualifying gains receiving  
9   capital treatment earned by the corporation, estate or trust during  
10   the taxable year and included in the federal taxable income of such  
11   corporation, estate or trust.

12           2.   As used in this subsection:

13           a.    "qualifying gains receiving capital treatment" means  
14                   the amount of net capital gains, as defined in Section  
15                   1222(11) of the Internal Revenue Code of 1986, as  
16                   amended, included in the federal income tax return of  
17                   the corporation, estate or trust that result from:

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

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

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

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

1           asset pursuant to the Internal Revenue Code of 1986,  
2           as amended,

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 taxpayer directly owns the asset,  
10          and

11          e.   "indirect" means the taxpayer owns an interest in a  
12          pass-through entity (or chain of pass-through  
13          entities) that sells the asset that gives rise to the  
14          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, or partnership, the deduction  
8 described in this subsection shall not apply  
9 unless the pass-through entity that makes the  
10 sale has held the stock or ownership interest or  
11 the assets for not less than three (3)  
12 uninterrupted years prior to the date of the  
13 transaction that created the capital gain, and  
14 each pass-through entity included in the chain of  
15 ownership has been a member, partner or  
16 shareholder of the pass-through entity in the  
17 tier immediately below it for an uninterrupted  
18 period of not less than three (3) years.

19 E. The Oklahoma adjusted gross income of any individual  
20 taxpayer shall be further adjusted as follows to arrive at Oklahoma  
21 taxable income:

22 1. a. In the case of individuals, there shall be added or  
23 deducted, as the case may be, the difference necessary  
24 to allow personal exemptions of One Thousand Dollars  
25

1 (\$1,000.00) in lieu of the personal exemptions allowed  
2 by the Internal Revenue Code of 1986, as amended.

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

14 c. There shall be allowed an additional exemption of One  
15 Thousand Dollars (\$1,000.00) for each taxpayer or  
16 spouse who is sixty-five (65) years of age or older at  
17 the close of the tax year based upon the filing status  
18 and federal adjusted gross income of the taxpayer.  
19 Taxpayers with the following filing status may claim  
20 this exemption if the federal adjusted gross income  
21 does not exceed:

22 (1) Twenty-five Thousand Dollars (\$25,000.00) if  
23 married and filing jointly,  
24

- (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)  
if married and filing separately,  
(3) Fifteen Thousand Dollars (\$15,000.00) if single,  
and  
(4) Nineteen Thousand Dollars (\$19,000.00) if a  
qualifying head of household.

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

2. a. For taxable years beginning on or before December 31,  
2005, in the case of individuals who use the standard  
deduction in determining taxable income, there shall  
be added or deducted, as the case may be, the  
difference necessary to allow a standard deduction in  
lieu of the standard deduction allowed by the Internal  
Revenue Code of 1986, as amended, in an amount equal  
to the larger of fifteen percent (15%) of the Oklahoma  
adjusted gross income or One Thousand Dollars  
(\$1,000.00), but not to exceed Two Thousand Dollars

1 (\$2,000.00), except that in the case of a married  
2 individual filing a separate return such deduction  
3 shall be the larger of fifteen percent (15%) of such  
4 Oklahoma adjusted gross income or Five Hundred Dollars  
5 (\$500.00), but not to exceed the maximum amount of One  
6 Thousand Dollars (\$1,000.00).

7 b. For taxable years beginning on or after January 1,  
8 2006, and before January 1, 2007, in the case of  
9 individuals who use the standard deduction in  
10 determining taxable income, there shall be added or  
11 deducted, as the case may be, the difference necessary  
12 to allow a standard deduction in lieu of the standard  
13 deduction allowed by the Internal Revenue Code of  
14 1986, as amended, in an amount equal to:

15 (1) Three Thousand Dollars (\$3,000.00), if the filing  
16 status is married filing joint, head of household  
17 or qualifying widow, or

18 (2) Two Thousand Dollars (\$2,000.00), if the filing  
19 status is single or married filing separate.

20 c. For the taxable year beginning on January 1, 2007, and  
21 ending December 31, 2007, in the case of individuals  
22 who use the standard deduction in determining taxable  
23 income, there shall be added or deducted, as the case  
24 may be, the difference necessary to allow a standard  
25

1 deduction in lieu of the standard deduction allowed by  
2 the Internal Revenue Code of 1986, as amended, in an  
3 amount equal to:

4 (1) Five Thousand Five Hundred Dollars (\$5,500.00),  
5 if the filing status is married filing joint or  
6 qualifying widow, or

7 (2) Four Thousand One Hundred Twenty-five Dollars  
8 (\$4,125.00) for a head of household, or

9 (3) Two Thousand Seven Hundred Fifty Dollars  
10 (\$2,750.00), if the filing status is single or  
11 married filing separate.

12 d. For the taxable year beginning on January 1, 2008, and  
13 ending December 31, 2008, in the case of individuals  
14 who use the standard deduction in determining taxable  
15 income, there shall be added or deducted, as the case  
16 may be, the difference necessary to allow a standard  
17 deduction in lieu of the standard deduction allowed by  
18 the Internal Revenue Code of 1986, as amended, in an  
19 amount equal to:

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

23 (2) Four Thousand Eight Hundred Seventy-five Dollars  
24 (\$4,875.00) for a head of household, or  
25



1 (3) Three Thousand Two Hundred Fifty Dollars  
2 (\$3,250.00), if the filing status is single or  
3 married filing separate.

4 e. For the taxable year beginning on January 1, 2009, and  
5 ending December 31, 2009, in the case of individuals  
6 who use the standard deduction in determining taxable  
7 income, there shall be added or deducted, as the case  
8 may be, the difference necessary to allow a standard  
9 deduction in lieu of the standard deduction allowed by  
10 the Internal Revenue Code of 1986, as amended, in an  
11 amount equal to:

12 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),  
13 if the filing status is married filing joint or  
14 qualifying widow,

15 (2) Six Thousand Three Hundred Seventy-five Dollars  
16 (\$6,375.00) for a head of household, or

17 (3) Four Thousand Two Hundred Fifty Dollars  
18 (\$4,250.00), if the filing status is single or  
19 married filing separate.

20 Oklahoma adjusted gross income shall be increased by  
21 any amounts paid for motor vehicle excise taxes which  
22 were deducted as allowed by the Internal Revenue Code  
23 of 1986, as amended.

1 f. For taxable years beginning on or after January 1,  
2 2010, and ending on December 31, 2016, in the case of  
3 individuals who use the standard deduction in  
4 determining taxable income, there shall be added or  
5 deducted, as the case may be, the difference necessary  
6 to allow a standard deduction equal to the standard  
7 deduction allowed by the Internal Revenue Code of  
8 1986, as amended, based upon the amount and filing  
9 status prescribed by such Code for purposes of filing  
10 federal individual income tax returns.

11 g. For taxable years beginning on or after January 1,  
12 2017, in the case of individuals who use the standard  
13 deduction in determining taxable income, there shall  
14 be added or deducted, as the case may be, the  
15 difference necessary to allow a standard deduction in  
16 lieu of the standard deduction allowed by the Internal  
17 Revenue Code of 1986, as amended, as follows:

18 (1) Six Thousand Three Hundred Fifty Dollars  
19 (\$6,350.00) for single or married filing  
20 separately,

21 (2) Twelve Thousand Seven Hundred Dollars  
22 (\$12,700.00) for married filing jointly or  
23 qualifying widower with dependent child, and  
24

(3) Nine Thousand Three Hundred Fifty Dollars  
(\$9,350.00) for head of household.

3. a. In the case of resident and part-year resident individuals having adjusted gross income from sources both within and without the state, the itemized or standard deductions and personal exemptions shall be reduced to an amount which is the same portion of the total thereof as Oklahoma adjusted gross income is of adjusted gross income. To the extent itemized deductions include allowable moving expense, proration of moving expense shall not be required or permitted but allowable moving expense shall be fully deductible for those taxpayers moving within or into ~~Oklahoma~~ this state and no part of moving expense shall be deductible for those taxpayers moving without or out of ~~Oklahoma~~ this state. All other itemized or standard deductions and personal exemptions shall be subject to proration as provided by law.

b. For taxable years beginning on or after January 1, 2018, the net amount of itemized deductions allowable on an Oklahoma income tax return, subject to the provisions of paragraph 24 of this subsection, shall not exceed Seventeen Thousand Dollars (\$17,000.00). For purposes of this subparagraph, charitable

1 contributions and medical expenses deductible for  
2 federal income tax purposes shall be excluded from the  
3 amount of Seventeen Thousand Dollars (\$17,000.00) as  
4 specified by this subparagraph.

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

18 5. a. Before July 1, 2010, the first One Thousand Five  
19 Hundred Dollars (\$1,500.00) received by any person  
20 from the United States as salary or compensation in  
21 any form, other than retirement benefits, as a member  
22 of any component of the Armed Forces of the United  
23 States shall be deducted from taxable income.  
24

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

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

11               (1)   absence from the United States, which term  
12                  includes only the states and the District of  
13                  Columbia,

14               (2)   absence from ~~the State of Oklahoma~~ this state  
15                  while on active duty, or

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

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

23                  (a)   Such individual shall return to the United  
24                       States if the extension is granted pursuant

1 to ~~subparagraph a~~ division 1 of this  
2 ~~paragraph~~ subparagraph, return to ~~the State~~  
3 ~~of Oklahoma~~ this state if the extension is  
4 granted pursuant to ~~subparagraph b~~ division  
5 2 of this ~~paragraph~~ subparagraph or be  
6 discharged from such hospital if the  
7 extension is granted pursuant to  
8 ~~subparagraph c~~ division 3 of this ~~paragraph~~  
9 subparagraph, 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 5 of this subsection shall be prorated on  
16 the ratio of the Oklahoma adjusted gross income to  
17 federal adjusted 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~~ 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 of 1986, as amended, 26 U.S.C.,  
8 Section 86.

9 10. For taxable years beginning after December 31, 1994, lump-  
10 sum distributions from employer plans of deferred compensation,  
11 which are not qualified plans within the meaning of Section 401(a)  
12 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
13 401(a), and which are deposited in and accounted for within a  
14 separate bank account or brokerage account in a financial  
15 institution within this state, shall be excluded from taxable income  
16 in the same manner as a qualifying rollover contribution to an  
17 individual retirement account within the meaning of Section 408 of  
18 the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
19 408. Amounts withdrawn from such bank or brokerage account,  
20 including any earnings thereon, shall be included in taxable income  
21 when withdrawn in the same manner as withdrawals from individual  
22 retirement accounts within the meaning of Section 408 of the  
23 Internal Revenue Code of 1986, as amended.

1        11. In taxable years beginning after December 31, 1995,  
2 contributions made to and interest received from a medical savings  
3 account established pursuant to Sections 2621 through 2623 of Title  
4 63 of the Oklahoma Statutes shall be exempt from taxable income.

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

17        13. a. In taxable years beginning before January 1, 2005,  
18 retirement benefits not to exceed the amounts  
19 specified in this paragraph, which are received by an  
20 individual sixty-five (65) years of age or older and  
21 whose Oklahoma adjusted gross income is Twenty-five  
22 Thousand Dollars (\$25,000.00) or less if the filing  
23 status is single, head of household, or married filing  
24 separate, or Fifty Thousand Dollars (\$50,000.00) or

1 less if the filing status is married filing joint or  
2 qualifying widow, shall be exempt from taxable income.  
3 In taxable years beginning after December 31, 2004,  
4 retirement benefits not to exceed the amounts  
5 specified in this paragraph, which are received by an  
6 individual whose Oklahoma adjusted gross income is  
7 less than the qualifying amount specified in this  
8 paragraph, shall be exempt from taxable income.

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

- 11 (1) in taxable years beginning after December 31,  
12 2004, and prior to January 1, 2007, the  
13 qualifying amount shall be Thirty-seven Thousand  
14 Five Hundred Dollars (\$37,500.00) or less if the  
15 filing status is single, head of household, or  
16 married filing separate, or Seventy-five Thousand  
17 Dollars (\$75,000.00) or less if the filing status  
18 is married filing jointly or qualifying widow,
- 19 (2) in the taxable year beginning January 1, 2007,  
20 the qualifying amount shall be Fifty Thousand  
21 Dollars (\$50,000.00) or less if the filing status  
22 is single, head of household, or married filing  
23 separate, or One Hundred Thousand Dollars  
24

- 1 (\$100,000.00) or less if the filing status is  
2 married filing jointly or qualifying widow,  
3 (3) in the taxable year beginning January 1, 2008,  
4 the qualifying amount shall be Sixty-two Thousand  
5 Five Hundred Dollars (\$62,500.00) or less if the  
6 filing status is single, head of household, or  
7 married filing separate, or One Hundred Twenty-  
8 five Thousand Dollars (\$125,000.00) or less if  
9 the filing status is married filing jointly or  
10 qualifying widow,  
11 (4) in the taxable year beginning January 1, 2009,  
12 the qualifying amount shall be One Hundred  
13 Thousand Dollars (\$100,000.00) or less if the  
14 filing status is single, head of household, or  
15 married filing separate, or Two Hundred Thousand  
16 Dollars (\$200,000.00) or less if the filing  
17 status is married filing jointly or qualifying  
18 widow, and  
19 (5) in the taxable year beginning January 1, 2010,  
20 and subsequent taxable years, there shall be no  
21 limitation upon the qualifying amount.

22 c. For purposes of this paragraph, "retirement benefits"  
23 means the total distributions or withdrawals from the  
24 following:

- (1) an employee pension benefit plan which satisfies the requirements of Section 401 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 401,
- (2) an eligible deferred compensation plan that satisfies the requirements of Section 457 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 457,
- (3) an individual retirement account, annuity or trust or simplified employee pension that satisfies the requirements of Section 408 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 408,
- (4) an employee annuity subject to the provisions of Section 403(a) or (b) of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 403(a) or (b),
- (5) United States Retirement Bonds which satisfy the requirements of Section 86 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 86, or
- (6) lump-sum distributions from a retirement plan which satisfies the requirements of Section

1                   402(e) of the Internal Revenue Code of 1986, as  
2                   amended, 26 U.S.C., Section 402(e).

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

18           14. In taxable years beginning after December 31, 1999, for an  
19           individual engaged in production agriculture who has filed a  
20           Schedule F form with the taxpayer's federal income tax return for  
21           such taxable year, there shall be excluded from taxable income any  
22           amount which was included as federal taxable income or federal  
23           adjusted gross income and which consists of the discharge of an  
24

1 obligation by a creditor of the taxpayer incurred to finance the  
2 production of agricultural products.

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

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

17 b. In taxable years beginning after December 31, 2004,  
18 each taxpayer shall be allowed a deduction for  
19 contributions to accounts established pursuant to the  
20 Oklahoma College Savings Plan Act. The maximum annual  
21 deduction shall equal the amount of contributions to  
22 all such accounts plus any contributions to such  
23 accounts by the taxpayer for prior taxable years after  
24 December 31, 2004, which were not deducted, but in no

1 event shall the deduction for each tax year exceed Ten  
2 Thousand Dollars (\$10,000.00) for each individual  
3 taxpayer or Twenty Thousand Dollars (\$20,000.00) for  
4 taxpayers filing a joint return. Any amount of a  
5 contribution that is not deducted by the taxpayer in  
6 the year for which the contribution is made may be  
7 carried forward as a deduction from income for the  
8 succeeding five (5) years. For taxable years  
9 beginning after December 31, 2005, deductions may be  
10 taken for contributions and rollovers made during a  
11 taxable year and up to April 15 of the succeeding  
12 year, or the due date of a taxpayer's state income tax  
13 return, excluding extensions, whichever is later.  
14 Provided, a deduction for the same contribution may  
15 not be taken for two (2) different taxable years.

16 c. In taxable years beginning after December 31, 2006,  
17 deductions for contributions made pursuant to  
18 subparagraph b of this paragraph shall be limited as  
19 follows:

20 (1) for a taxpayer who qualified for the five-year  
21 carryforward election and who takes a rollover or  
22 nonqualified withdrawal during that period, the  
23 tax deduction otherwise available pursuant to  
24 subparagraph b of this paragraph shall be reduced



1 by the amount which is equal to the rollover or  
2 nonqualified withdrawal, and

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

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

18 e. If a taxpayer makes a nonqualified withdrawal of  
19 contributions for which a deduction was taken pursuant  
20 to subparagraph b of this paragraph, such nonqualified  
21 withdrawal and any earnings thereon shall be included  
22 in the adjusted gross income of the taxpayer in the  
23 taxable year of the nonqualified withdrawal.

24 f. As used in this paragraph:

- 1 (1) "non-qualified withdrawal" means a withdrawal  
2 from an Oklahoma College Savings Plan account  
3 other than one of the following:
- 4 (a) a qualified withdrawal,  
5 (b) a withdrawal made as a result of the death  
6 or disability of the designated beneficiary  
7 of an account,  
8 (c) a withdrawal that is made on the account of  
9 a scholarship or the allowance or payment  
10 described in Section 135(d)(1)(B) or (C) or  
11 by the Internal Revenue Code of 1986, as  
12 amended, received by the designated  
13 beneficiary to the extent the amount of the  
14 refund does not exceed the amount of the  
15 scholarship, allowance, or payment, or  
16 (d) a rollover or change of designated  
17 beneficiary as permitted by subsection F of  
18 Section 3970.7 of Title 70 of the Oklahoma  
19 Statutes, and
- 20 (2) "rollover" means the transfer of funds from the  
21 Oklahoma College Savings Plan to any other plan  
22 under Section 529 of the Internal Revenue Code of  
23 1986, as amended.
- 24

1        17. For tax years 2006 through 2021, retirement benefits  
2 received by an individual from any component of the Armed Forces of  
3 the United States in an amount not to exceed the greater of seventy-  
4 five percent (75%) of such benefits or Ten Thousand Dollars  
5 (\$10,000.00) shall be exempt from taxable income but in no case less  
6 than the amount of the exemption provided by paragraph 13 of this  
7 subsection. For tax year 2022 and subsequent tax years, retirement  
8 benefits received by an individual from any component of the Armed  
9 Forces of the United States shall be exempt from taxable income.

10        18. For taxable years beginning after December 31, 2006,  
11 retirement benefits received by federal civil service retirees,  
12 including survivor annuities, paid in lieu of Social Security  
13 benefits shall be exempt from taxable income to the extent such  
14 benefits are included in the federal adjusted gross income pursuant  
15 to the provisions of Section 86 of the Internal Revenue Code of  
16 1986, as amended, 26 U.S.C., Section 86, according to the following  
17 schedule:

- 18            a. in the taxable year beginning January 1, 2007, twenty  
19                percent (20%) of such benefits shall be exempt,
- 20            b. in the taxable year beginning January 1, 2008, forty  
21                percent (40%) of such benefits shall be exempt,
- 22            c. in the taxable year beginning January 1, 2009, sixty  
23                percent (60%) of such benefits shall be exempt,

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

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

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

22           c.   The Oklahoma Tax Commission shall promulgate rules to  
23               implement the provisions of this paragraph which shall  
24               contain a specific list of expenses which may be

1           presumed to qualify for the deduction. The Tax  
2           Commission shall prescribe necessary requirements for  
3           verification.

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

9           21. For taxable years beginning after December 31, 2008,  
10 taxable income shall be increased by any unemployment compensation  
11 exempted under Section 85(c) of the Internal Revenue Code of 1986,  
12 as amended, 26 U.S.C., Section 85(c) ~~(2009)~~.

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

21           23. For taxable years beginning on or after January 1, 2016,  
22 taxable income shall be increased by any amount of state and local  
23 sales or income taxes deducted under 26 U.S.C., Section 164 of the  
24 Internal Revenue Code of 1986, as amended. If the amount of state  
25

1 and local taxes deducted on the federal return is limited, taxable  
2 income on the state return shall be increased only by the amount  
3 actually deducted after any such limitations are applied.

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

20 25. For tax year 2026 and subsequent tax years, income reported  
21 as tips pursuant to Internal Revenue Service Form 4137 and written  
22 or electronic tip statements provided to an employer pursuant to 26  
23 U.S.C., Section 6053 shall be exempt from taxable income.  
24

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

6 2. As used in this subsection:

7 a. "qualifying gains receiving capital treatment" means  
8 the amount of net capital gains, as defined in Section  
9 1222(11) of the Internal Revenue Code of 1986, as  
10 amended, included in an individual taxpayer's federal  
11 income tax return that result from:

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

19 (2) the sale of stock or the sale of a direct or  
20 indirect ownership interest in an Oklahoma  
21 company, limited liability company, or  
22 partnership where such stock or ownership  
23 interest has been directly or indirectly owned by  
24 the individual taxpayer for a holding period of  
25

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

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

17 b. "holding period" means an uninterrupted period of  
18 time. The holding period shall include any additional  
19 period when the property was held by another  
20 individual or entity, if such additional period is  
21 included in the taxpayer's holding period for the  
22 asset pursuant to the Internal Revenue Code of 1986,  
23 as amended,



- 1 c. "Oklahoma company," "limited liability company," or  
2 "partnership" means an entity whose primary  
3 headquarters have been located in ~~Oklahoma~~ this state  
4 for at least three (3) uninterrupted years prior to  
5 the date of the transaction from which the net capital  
6 gains arise,
- 7 d. "direct" means the individual taxpayer directly owns  
8 the asset,
- 9 e. "indirect" means the individual taxpayer owns an  
10 interest in a pass-through entity (or chain of pass-  
11 through entities) that sells the asset that gives rise  
12 to the qualifying gains receiving capital treatment.
- 13 (1) With respect to sales of real property or  
14 tangible personal property located within  
15 ~~Oklahoma~~ this state, the deduction described in  
16 this subsection shall not apply unless the pass-  
17 through entity that makes the sale has held the  
18 property for not less than five (5) uninterrupted  
19 years prior to the date of the transaction that  
20 created the capital gain, and each pass-through  
21 entity included in the chain of ownership has  
22 been a member, partner, or shareholder of the  
23 pass-through entity in the tier immediately below  
24

1           it for an uninterrupted period of not less than  
2           five (5) years.

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

23          f. "Oklahoma proprietorship business enterprise" means a  
24          business enterprise whose income and expenses have

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

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

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

- 19           a. the term "real estate investment trust" or "REIT"  
20           means the meaning ascribed to such term in Section 856  
21           of the Internal Revenue Code of 1986, as amended,
- 22           b. the term "captive real estate investment trust" means  
23           a real estate investment trust, the shares or  
24           beneficial interests of which are not regularly traded

1 on an established securities market and more than  
2 fifty percent (50%) of the voting power or value of  
3 the beneficial interests or shares of which are owned  
4 or controlled, directly or indirectly, or  
5 constructively, by a single entity that is:

6 (1) treated as an association taxable as a  
7 corporation under the Internal Revenue Code of  
8 1986, as amended, and

9 (2) not exempt from federal income tax pursuant to  
10 the provisions of Section 501(a) of the Internal  
11 Revenue Code of 1986, as amended.

12 The term shall not include a real estate investment  
13 trust that is intended to be regularly traded on an  
14 established securities market, and that satisfies the  
15 requirements of Section 856(a)(5) and (6) of the ~~U.S.~~  
16 Internal Revenue Code of 1986, as amended, by reason  
17 of Section 856(h)(2) of the Internal Revenue Code of  
18 1986, as amended,

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

21 (1) any real estate investment trust as defined in  
22 paragraph a of this subsection other than a  
23 ~~"captive real estate investment trust"~~ captive  
24 real estate investment trust,

- 1 (2) any qualified real estate investment trust  
2 subsidiary under Section 856(i) of the Internal  
3 Revenue Code of 1986, as amended, other than a  
4 qualified REIT subsidiary of a ~~"captive real~~  
5 ~~estate investment trust"~~ captive real estate  
6 investment trust,
- 7 (3) any ~~Listed Australian Property Trust~~ listed  
8 Australian property trust (meaning an Australian  
9 unit trust registered as a ~~"Managed Investment~~  
10 ~~Scheme"~~ "managed investment scheme" under the  
11 Australian Corporations Act 2001 in which the  
12 principal class of units is listed on a  
13 recognized stock exchange in Australia and is  
14 regularly traded on an established securities  
15 market), or an entity organized as a trust,  
16 provided that a ~~Listed Australian Property Trust~~  
17 listed Australian property trust owns or  
18 controls, directly or indirectly, seventy-five  
19 percent (75%) or more of the voting power or  
20 value of the beneficial interests or shares of  
21 such trust, or
- 22 (4) any ~~Qualified Foreign Entity~~ qualified foreign  
23 entity, meaning a corporation, trust, association  
24 or partnership organized outside the laws of the

1 United States and which satisfies the following  
2 criteria:

- 3 (a) at least seventy-five percent (75%) of the  
4 entity's total asset value at the close of  
5 its taxable year is represented by real  
6 estate assets, as defined in Section  
7 856(c)(5)(B) of the Internal Revenue Code of  
8 1986, as amended, thereby including shares  
9 or certificates of beneficial interest in  
10 any real estate investment trust, cash and  
11 cash equivalents, and U.S. Government  
12 securities,
- 13 (b) the entity receives a dividend-paid  
14 deduction comparable to Section 561 of the  
15 Internal Revenue Code of 1986, as amended,  
16 or is exempt from 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 of 1986, as amended,  
11 shall apply in determining the ownership of stock, assets, or net  
12 profits of any 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 of 1986, as amended, and has elected to be

1 treated as a real estate investment trust pursuant to Section  
2 856(c) (1) of the Internal Revenue Code of 1986, as amended.

3 SECTION 2. This act shall become effective November 1, 2025.  
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