

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1395

By: Rader

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 205, as last amended by Section 2, Chapter 204, O.S.L. 2025 (68 O.S. Supp. 2025, Section 205), which relates to the confidential nature of records and files of the Oklahoma Tax Commission; excepting and requiring the disclosure of information; requiring electronic submission of certain report; amending 68 O.S. 2021, Section 2357.4, which relates to tax credit for investments; limiting credit for certain operations to certain tax years; modifying carry forward provisions for certain tax years; requiring submission and approval of application to claim credit for certain tax years; prescribing information requirements; requiring the Oklahoma Tax Commission to provide certain data to the Incentive Evaluation Commission; updating statutory references; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 205, as last amended by Section 2, Chapter 204, O.S.L. 2025 (68 O.S. Supp. 2025, Section 205), is amended to read as follows:

Section 205. A. The records and files of the Oklahoma Tax Commission concerning the administration of the Uniform Tax Procedure Code or of any state tax law shall be considered

1 confidential and privileged, except as otherwise provided for by  
2 law, and neither the Tax Commission nor any employee engaged in the  
3 administration of the Tax Commission or charged with the custody of  
4 any such records or files nor any person who may have secured  
5 information from the Tax Commission shall disclose any information  
6 obtained from the records or files or from any examination or  
7 inspection of the premises or property of any person.

8 B. Except as provided in paragraph ~~26~~ 25 of subsection C of  
9 this section, neither the Tax Commission nor any employee engaged in  
10 the administration of the Tax Commission or charged with the custody  
11 of any such records or files shall be required by any court of this  
12 state to produce any of the records or files for the inspection of  
13 any person or for use in any action or proceeding, except when the  
14 records or files or the facts shown thereby are directly involved in  
15 an action or proceeding pursuant to the provisions of the Uniform  
16 Tax Procedure Code or of the state tax law, or when the  
17 determination of the action or proceeding will affect the validity  
18 or the amount of the claim of the state pursuant to any state tax  
19 law, or when the information contained in the records or files  
20 constitutes evidence of violation of the provisions of the Uniform  
21 Tax Procedure Code or of any state tax law.

22 C. The provisions of this section shall not prevent the Tax  
23 Commission, or with respect to the Oklahoma Department of Commerce  
24 in administration of the Oklahoma Rural Jobs Act as provided by  
25

1 paragraph 22 of this subsection, from disclosing the following  
2 information and no liability whatsoever, civil or criminal, shall  
3 attach to any member of the Tax Commission, or the Oklahoma  
4 Department of Commerce as applicable, or any employee thereof for  
5 any error or omission in the disclosure of such information:

6 1. The delivery to a taxpayer or a duly authorized  
7 representative of the taxpayer of a copy of any report or any other  
8 paper filed by the taxpayer pursuant to the provisions of the  
9 Uniform Tax Procedure Code or of any state tax law;

10 2. The exchange of information that is not protected by the  
11 federal Privacy Protection Act of 1980, 42 U.S.C., Section 2000aa et  
12 seq., pursuant to reciprocal agreements entered into by the Tax  
13 Commission and other state agencies or agencies of the federal  
14 government;

15 3. The publication of statistics so classified as to prevent  
16 the identification of a particular report and the items thereof;

17 4. The examination of records and files by the State Auditor  
18 and Inspector or the duly authorized agents of the State Auditor and  
19 Inspector;

20 5. The disclosing of information or evidence to the Oklahoma  
21 State Bureau of Investigation, Attorney General, Oklahoma State  
22 Bureau of Narcotics and Dangerous Drugs Control, any district  
23 attorney or agent of any federal law enforcement agency when the  
24 information or evidence is to be used by such officials to

1 investigate or prosecute violations of the criminal provisions of  
2 the Uniform Tax Procedure Code or of any state tax law or of any  
3 federal crime committed against this state. Any information  
4 disclosed to the Oklahoma State Bureau of Investigation, Attorney  
5 General, Oklahoma State Bureau of Narcotics and Dangerous Drugs  
6 Control, any district attorney, or agent of any federal law  
7 enforcement agency shall be kept confidential by such person and not  
8 be disclosed except when presented to a court in a prosecution for  
9 violation of the tax laws of this state or except as specifically  
10 authorized by law, and a violation by the Oklahoma State Bureau of  
11 Investigation, Attorney General, Oklahoma State Bureau of Narcotics  
12 and Dangerous Drugs Control, district attorney, or agent of any  
13 federal law enforcement agency by otherwise releasing the  
14 information shall be a felony;

15 6. The use by any division of the Tax Commission of any  
16 information or evidence in the possession of or contained in any  
17 report or return filed with any other division of the Tax  
18 Commission;

19 7. The furnishing, at the discretion of the Tax Commission, of  
20 any information disclosed by its records or files to any official  
21 person or body of this state, any other state, the United States, or  
22 a foreign country who is concerned with the administration or  
23 assessment of any similar tax in this state, any other state, or the  
24 United States. The provisions of this paragraph shall include the

1 furnishing of information by the Tax Commission to a county assessor  
2 to determine the amount of gross household income pursuant to the  
3 provisions of Section 8C of Article X of the Oklahoma Constitution  
4 or Section 2890 of this title. The Tax Commission shall promulgate  
5 rules to give guidance to the county assessors regarding the type of  
6 information which may be used by the county assessors in determining  
7 the amount of gross household income pursuant to Section 8C of  
8 Article X of the Oklahoma Constitution or Section 2890 of this  
9 title. The provisions of this paragraph shall also include the  
10 furnishing of information to the State Treasurer for the purpose of  
11 administration of the Uniform Unclaimed Property Act;

12 8. The furnishing of information to other state agencies for  
13 the limited purpose of aiding in the collection of debts owed by  
14 individuals to such requesting agencies;

15 9. The furnishing of information requested by any member of the  
16 general public and stated in the sworn lists or schedules of taxable  
17 property of public service corporations organized, existing, or  
18 doing business in this state which are submitted to and certified by  
19 the State Board of Equalization pursuant to the provisions of  
20 Section 2858 of this title and Section 21 of Article X of the  
21 Oklahoma Constitution, provided such information would be a public  
22 record if filed pursuant to Sections 2838 and 2839 of this title on  
23 behalf of a corporation other than a public service corporation;  
24

1        10. The furnishing of information requested by any member of  
2 the general public and stated in the findings of the Tax Commission  
3 as to the adjustment and equalization of the valuation of real and  
4 personal property of the counties of the state, which are submitted  
5 to and certified by the State Board of Equalization pursuant to the  
6 provisions of Section 2865 of this title and Section 21 of Article X  
7 of the Oklahoma Constitution;

8        11. The furnishing of information as to the issuance or  
9 revocation of any tax permit, license, or exemption by the Tax  
10 Commission as provided for by law. Such information shall be  
11 limited to the name of the person issued the permit, license, or  
12 exemption, the name of the business entity authorized to engage in  
13 business pursuant to the permit, license, or exemption, the address  
14 of the business entity, and the grounds for revocation;

15        12. The posting of notice of revocation of any tax permit or  
16 license upon the premises of the place of business of any business  
17 entity which has had any tax permit or license revoked by the Tax  
18 Commission as provided for by law. Such notice shall be limited to  
19 the name of the person issued the permit or license, the name of the  
20 business entity authorized to engage in business pursuant to the  
21 permit or license, the address of the business entity, and the  
22 grounds for revocation;

23        13. The furnishing of information upon written request by any  
24 member of the general public as to the outstanding and unpaid amount  
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1 due and owing by any taxpayer of this state for any delinquent tax,  
2 together with penalty and interest, for which a tax warrant or a  
3 certificate of indebtedness has been filed pursuant to law;

4 14. After the filing of a tax warrant pursuant to law, the  
5 furnishing of information upon written request by any member of the  
6 general public as to any agreement entered into by the Tax  
7 Commission concerning a compromise of tax liability for an amount  
8 less than the amount of tax liability stated on such warrant;

9 15. The disclosure of information necessary to complete the  
10 performance of any contract authorized by this title to any person  
11 with whom the Tax Commission has contracted;

12 16. The disclosure of information to any person for a purpose  
13 as authorized by the taxpayer pursuant to a waiver of  
14 confidentiality. The waiver shall be in writing and shall be made  
15 upon such form as the Tax Commission may prescribe;

16 17. The disclosure of information required in order to comply  
17 with the provisions of Section 2369 of this title;

18 18. The disclosure to an employer, as defined in ~~Sections~~  
19 Section 2385.1 ~~and 2385.3~~ of this title, of information required in  
20 order to collect the tax imposed by Section 2385.2 of this title;

21 19. The disclosure to a plaintiff of a corporation's last-known  
22 address shown on the records of the Franchise Tax Division of the  
23 Tax Commission in order for such plaintiff to comply with the  
24 requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

1        20. The disclosure of information directly involved in the  
2 resolution of the protest by a taxpayer to an assessment of tax or  
3 additional tax or the resolution of a claim for refund filed by a  
4 taxpayer, including the disclosure of the pendency of an  
5 administrative proceeding involving such protest or claim, to a  
6 person called by the Tax Commission as an expert witness or as a  
7 witness whose area of knowledge or expertise specifically addresses  
8 the issue addressed in the protest or claim for refund. Such  
9 disclosure to a witness shall be limited to information pertaining  
10 to the specific knowledge of that witness as to the transaction or  
11 relationship between taxpayer and witness;

12        21. The disclosure of information necessary to implement an  
13 agreement authorized by Section 2702 of this title when such  
14 information is directly involved in the resolution of issues arising  
15 out of the enforcement of a municipal sales tax ordinance. Such  
16 disclosure shall be to the governing body or to the municipal  
17 attorney, if so designated by the governing body;

18        22. The furnishing of information regarding incentive payments  
19 made pursuant to the provisions of Sections 3601 through ~~3609~~ 3612  
20 of this title, incentive payments made pursuant to the provisions of  
21 Sections 3501 through 3508 of this title, or tax credits claimed  
22 pursuant to the provisions of Sections 3930 through 3937 of this  
23 title;

1        23. The furnishing to a prospective purchaser of any business,  
2 or his or her authorized representative, of information relating to  
3 any liabilities, delinquencies, assessments, or warrants of the  
4 prospective seller of the business which have not been filed of  
5 record, established, or become final and which relate solely to the  
6 seller's business. Any disclosure under this paragraph shall only  
7 be allowed upon the presentment by the prospective buyer, or the  
8 buyer's authorized representative, of the purchase contract and a  
9 written authorization between the parties;

10       24. The furnishing of information as to the amount of state  
11 revenue affected by the issuance or granting of any tax permit,  
12 license, exemption, deduction, credit, or other tax preference by  
13 the Tax Commission as provided for by law. Such information shall  
14 be limited to the type of permit, license, exemption, deduction,  
15 credit, or other tax preference issued or granted, the date and  
16 duration of such permit, license, exemption, deduction, credit, or  
17 other tax preference and the amount of such revenue. The provisions  
18 of this paragraph shall not authorize the disclosure of the name of  
19 the person issued such permit, license, exemption, deduction,  
20 credit, or other tax preference, or the name of the business entity  
21 authorized to engage in business pursuant to the permit, license,  
22 exemption, deduction, credit, or other tax preference;

23       25. The examination of records and files of a person or entity  
24 by the Oklahoma State Bureau of Narcotics and Dangerous Drugs  
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1 Control, district attorney, or the Attorney General pursuant to a  
2 court order by a magistrate in whose territorial jurisdiction the  
3 person or entity resides, or where the Tax Commission records and  
4 files are physically located. Such an order may only be issued upon  
5 a sworn application by an agent of the Oklahoma State Bureau of  
6 Narcotics and Dangerous Drugs Control or the Attorney General,  
7 certifying that the person or entity whose records and files are to  
8 be examined is the target of an ongoing investigation of a felony  
9 violation of the Uniform Controlled Dangerous Substances Act and  
10 that information resulting from such an examination would likely be  
11 relevant to that investigation. Any records or information obtained  
12 pursuant to such an order may only be used by the Oklahoma State  
13 Bureau of Narcotics and Dangerous Drugs Control, district attorney,  
14 or the Attorney General in the investigation and prosecution of a  
15 felony violation of the Uniform Controlled Dangerous Substances Act  
16 or money laundering pursuant to Section 2001 of Title 21 of the  
17 Oklahoma Statutes. Any such order issued pursuant to this  
18 paragraph, along with the underlying application, shall be sealed  
19 and not disclosed to the person or entity whose records were  
20 examined, for a period of ninety (90) days. The issuing magistrate  
21 may grant extensions of such period upon a showing of good cause in  
22 furtherance of the investigation. Upon the expiration of ninety  
23 (90) days and any extensions granted by the magistrate, a copy of  
24 the application and order shall be served upon the person or entity

1 whose records were examined, along with a copy of the records or  
2 information actually provided by the Tax Commission;

3 26. The disclosure of information, as prescribed by this  
4 paragraph, which is related to the proposed or actual usage of tax  
5 credits pursuant to Section 2357.7 of this title, the Small Business  
6 Capital Formation Incentive Act,    or the Rural Venture Capital  
7 Formation Incentive Act. Unless the context clearly requires  
8 otherwise, the terms used in this paragraph shall have the same  
9 meaning as defined by Section 2357.7, 2357.61,    or 2357.72 of this  
10 title. The disclosure of information authorized by this paragraph  
11 shall include:

- 12 a. the legal name of any qualified venture capital  
13 company, qualified small business capital company,    or  
14 qualified rural small business capital company,
- 15 b. the identity or legal name of any person or entity  
16 that is a shareholder or partner of a qualified  
17 venture capital company, qualified small business  
18 capital company,    or qualified rural small business  
19 capital company,
- 20 c. the identity or legal name of any Oklahoma business  
21 venture, Oklahoma small business venture,    or Oklahoma  
22 rural small business venture in which a qualified  
23 investment has been made by a capital company, or  
24

1           d.    the amount of funds invested in a qualified venture  
2               capital company, the amount of qualified investments  
3               in a qualified small business capital company or  
4               qualified rural small business capital company, and  
5               the amount of investments made by a qualified venture  
6               capital company, qualified small business capital  
7               company, or qualified rural small business capital  
8               company;

9           27.   The disclosure of specific information as required by  
10          Section 46 of Title 62 of the Oklahoma Statutes;

11          28.   The disclosure of specific information as required by  
12          Section 205.5 of this title;

13          29.   The disclosure of specific information as required by  
14          Section 205.6 of this title;

15          30.   The disclosure of information to the State Treasurer  
16          necessary to implement Section 2368.27 of this title;

17          31.   The disclosure of specific information to the Oklahoma  
18          Health Care Authority for purposes of determining eligibility for  
19          current or potential recipients of assistance from the Oklahoma  
20          Medicaid Program;

21          32.   The disclosure of information to the Oklahoma Department of  
22          Veterans Affairs including, but not limited to, the name and basis  
23          for eligibility of each individual who qualifies for the sales tax  
24          exemption authorized in paragraph 34 of Section 1357 of this title;

1        33. The disclosure of information to the Oklahoma Medical  
2 Marijuana Authority for the purposes of compliance with the Oklahoma  
3 Medical Marijuana and Patient Protection Act or Section 420 et seq.  
4 of Title 63 of the Oklahoma Statutes; ~~or~~

5        34. The disclosure of information required in order to comply  
6 with the provisions of subsection H of Section 2902 of this title;  
7 or

8        35. The disclosure of information required in order to comply  
9 with the provisions of subsection O of Section 2357.4 of this title.

10        D. The Tax Commission shall cause to be prepared and made  
11 available for public inspection in the office of the Tax Commission  
12 in such manner as it may determine an annual list containing the  
13 name and post office address of each person, whether individual,  
14 corporate or otherwise, making and filing an income tax return with  
15 the Tax Commission.

16        It is specifically provided that no liability whatsoever, civil  
17 or criminal, shall attach to any member of the Tax Commission or any  
18 employee thereof for any error or omission of any name or address in  
19 the preparation and publication of the list.

20        E. The Tax Commission shall prepare or cause to be prepared a  
21 report on all provisions of state tax law that reduce state revenue  
22 through exclusions, deductions, credits, exemptions, deferrals, or  
23 other preferential tax treatments. The report shall be prepared not  
24 later than October 1 of each even-numbered year and shall be

1 submitted electronically to the Governor, the President Pro Tempore  
2 of the Senate and the Speaker of the House of Representatives. The  
3 Tax Commission may prepare and submit supplements to the report at  
4 other times of the year if additional or updated information  
5 relevant to the report becomes available. The report shall include,  
6 for the previous fiscal year, the Tax Commission's best estimate of  
7 the amount of state revenue that would have been collected but for  
8 the existence of each such exclusion, deduction, credit, exemption,  
9 deferral, or other preferential tax treatment allowed by law. The  
10 Tax Commission may request the assistance of other state agencies as  
11 may be needed to prepare the report. The Tax Commission is  
12 authorized to require any recipient of a tax incentive or tax  
13 expenditure to report to the Tax Commission such information as  
14 requested so that the Tax Commission may fulfill its obligations as  
15 required by this subsection. The Tax Commission may require this  
16 information to be submitted in an electronic format. The Tax  
17 Commission may disallow any claim of a person for a tax incentive  
18 due to its failure to file a report as required under the authority  
19 of this subsection.

20 F. It is further provided that the provisions of this section  
21 shall be strictly interpreted and shall not be construed as  
22 permitting the disclosure of any other information contained in the  
23 records and files of the Tax Commission relating to income tax or to  
24 any other taxes.

1 G. Unless otherwise provided for in this section, any violation  
2 of the provisions of this section shall constitute a misdemeanor and  
3 shall be punishable by the imposition of a fine not exceeding One  
4 Thousand Dollars (\$1,000.00) or by imprisonment in the county jail  
5 for a term not exceeding one (1) year, or by both such fine and  
6 imprisonment, and the offender shall be removed or dismissed from  
7 office.

8 H. Offenses described in Section 2376 of this title shall be  
9 reported to the appropriate district attorney of this state by the  
10 Tax Commission as soon as the offenses are discovered by the Tax  
11 Commission or its agents or employees. The Tax Commission shall  
12 make available to the appropriate district attorney or to the  
13 authorized agent of the district attorney its records and files  
14 pertinent to prosecutions, and such records and files shall be fully  
15 admissible as evidence for the purpose of such prosecutions.

16 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2357.4, is  
17 amended to read as follows:

18 Section 2357.4. A. Except as otherwise provided in subsection  
19 F of Section 3658 of this title and in subsections ~~J~~ K and ~~K~~ L of  
20 this section, for taxable years beginning after December 31, 1987,  
21 there shall be allowed a credit against the tax imposed by Section  
22 2355 of this title for:

23 1. Investment in qualified depreciable property placed in  
24 service during those years for use in a manufacturing operation, as  
25

1 defined in Section 1352 of this title, which has received a  
2 manufacturer exemption permit pursuant to the provisions of Section  
3 1359.2 of this title or a qualified aircraft maintenance or  
4 manufacturing facility as defined in Section 1357 of this title in  
5 this state or a qualified web search portal as defined in Section  
6 1357 of this title; or

7 2. A net increase in the number of full-time-equivalent  
8 employees in a manufacturing operation, as defined in Section 1352  
9 of this title, which has received a manufacturer exemption permit  
10 pursuant to the provisions of Section 1359.2 of this title or a  
11 qualified aircraft maintenance or manufacturing facility defined in  
12 Section 1357 of this title in this state or in a qualified web  
13 search portal as defined in Section 1357 of this title including  
14 employees engaged in support services. Provided, a manufacturing  
15 operation, as defined in Section 1352 of this title, shall be  
16 allowed a credit authorized pursuant to this paragraph for tax years  
17 1988 through 2026.

18 B. Except as otherwise provided in subsection F of Section 3658  
19 of this title and in subsections ~~J~~ K and ~~K~~ L of this section, for  
20 taxable years beginning after December 31, 1998, there shall be  
21 allowed a credit against the tax imposed by Section 2355 of this  
22 title for:

23 1. Investment in qualified depreciable property with a total  
24 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)

1 within three (3) years from the date of initial qualifying  
2 expenditure and placed in service in this state during those years  
3 for use in the manufacture of products described by any Industry  
4 Number contained in Division D of Part I of the Standard Industrial  
5 Classification (SIC) Manual, latest revision; or

6 2. A For tax years 1999 through 2026, a net increase in the  
7 number of full-time-equivalent employees in this state engaged in  
8 the manufacture of any goods identified by any Industry Number  
9 contained in Division D of Part I of the Standard Industrial  
10 Classification (SIC) Manual, latest revision, if the total cost of  
11 qualified depreciable property placed in service by the business  
12 entity within the state equals or exceeds Forty Million Dollars  
13 (\$40,000,000.00) within three (3) years from the date of initial  
14 qualifying expenditure.

15 C. The business entity may claim the credit authorized by  
16 subsection B of this section for expenditures incurred or for a net  
17 increase in the number of full-time-equivalent employees after the  
18 business entity provides proof satisfactory to the Oklahoma Tax  
19 Commission that the conditions imposed pursuant to paragraph 1 or  
20 paragraph 2 of subsection B of this section have been satisfied.

21 D. If a business entity fails to expend the amount required by  
22 paragraph 1 or paragraph 2 of subsection B of this section within  
23 the time required, the business entity may not claim the credit  
24 authorized by subsection B of this section but shall be allowed to

1 claim a credit pursuant to subsection A of this section if the  
2 requirements of subsection A of this section are met with respect to  
3 the investment in qualified depreciable property or net increase in  
4 the number of full-time-equivalent employees.

5 E. The credit provided for in subsection A of this section, if  
6 based upon investment in qualified depreciable property, shall not  
7 be allowed unless the investment in qualified depreciable property  
8 is at least Fifty Thousand Dollars (\$50,000.00). The credit  
9 provided for in subsection A or B of this section shall not be  
10 allowed if the applicable investment is the direct cause of a  
11 decrease in the number of full-time-equivalent employees. Qualified  
12 property shall be limited to machinery, fixtures, equipment,  
13 buildings, or substantial improvements thereto, placed in service in  
14 this state during the taxable year. The taxable years for which the  
15 credit may be allowed if based upon investment in qualified  
16 depreciable property shall be measured from the year in which the  
17 qualified property is placed in service. If the credit provided for  
18 in subsection A or B of this section is calculated on the basis of  
19 the cost of the qualified property, the credit shall be allowed in  
20 each of the four (4) subsequent years. If the qualified property on  
21 which a credit has previously been allowed is acquired from a  
22 related party, the date such property is placed in service by the  
23 transferor shall be considered to be the date such property is  
24

1 placed in service by the transferee, for purposes of determining the  
2 aggregate number of years for which credit may be allowed.

3 F. The credit provided for in subsection A or B of this  
4 section, if based upon an increase in the number of full-time-  
5 equivalent employees, shall be allowed in each of the four (4)  
6 subsequent years only if the level of new employees is maintained in  
7 the subsequent year. In calculating the credit by the number of new  
8 employees, only those employees whose paid wages or salary were at  
9 least Seven Thousand Dollars (\$7,000.00) during each year the credit  
10 is claimed shall be included in the calculation. Provided, that the  
11 first year a credit is claimed for a new employee, such employee may  
12 be included in the calculation notwithstanding paid wages of less  
13 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in  
14 the last three quarters of the tax year, has wages or salary which  
15 will result in annual paid wages in excess of Seven Thousand Dollars  
16 (\$7,000.00) and the taxpayer submits an affidavit stating that the  
17 employee's position will be retained in the following tax year and  
18 will result in the payment of wages in excess of Seven Thousand  
19 Dollars (\$7,000.00). The number of new employees shall be  
20 determined by comparing the monthly average number of full-time  
21 employees subject to Oklahoma income tax withholding for the final  
22 quarter of the taxable year with the corresponding period of the  
23 prior taxable year, as substantiated by such reports as may be  
24 required by the Tax Commission.

1 G. The credit allowed by subsection A of this section shall be  
2 the greater amount of either:

3 1. One percent (1%) of the cost of the qualified property in  
4 the year the property is placed in service; or

5 2. Five Hundred Dollars (\$500.00) for each new employee. No  
6 credit shall be allowed in any taxable year for a net increase in  
7 the number of full-time-equivalent employees if such increase is a  
8 result of an investment in qualified depreciable property for which  
9 an income tax credit has been allowed as authorized by this section.

10 H. The credit allowed by subsection B of this section shall be  
11 the greater amount of either:

12 1. Two percent (2%) of the cost of the qualified property in  
13 the year the property is placed in service; or

14 2. One Thousand Dollars (\$1,000.00) for each new employee.

15 No credit shall be allowed in any taxable year for a net  
16 increase in the number of full-time-equivalent employees if such  
17 increase is a result of an investment in qualified depreciable  
18 property for which an income tax credit has been allowed as  
19 authorized by this section.

20 I. Except as provided by subsection G of Section 3658 of this  
21 title, any credits allowed but not used in ~~any taxable year~~ tax year  
22 2026 and previous tax years may be carried over in order as follows:

23 1. To each of the four (4) years following the year of  
24 qualification;

1        2. To the extent not used in those years in order to each of  
2 the fifteen (15) years following the initial five-year period;

3        3. If a C corporation that otherwise qualified for the credits  
4 under subsection A of this section subsequently changes its  
5 operating status to that of a pass-through entity which is being  
6 treated as the same entity for federal tax purposes, the credits  
7 will continue to be available as if the pass-through entity had  
8 originally qualified for the credits subject to the limitations of  
9 this section;

10       4. To the extent not used in paragraphs 1 and 2 of this  
11 subsection, such credits from qualified depreciable property placed  
12 in service on or after January 1, 2000, may be utilized in any  
13 subsequent tax years after the initial twenty-year period; and

14       5. Provided, for tax years beginning on or after January 1,  
15 2016, and ending on or before December 31, 2018, the amount of  
16 credits available as an offset in a taxable year shall be limited to  
17 the percentage calculated by the Tax Commission pursuant to the  
18 provisions of subsection ~~H~~ M of this section.

19       J. Any credits allowed pursuant to this section but not used  
20 may be carried forward in order to each of the seven (7) subsequent  
21 tax years.

22       K. No credit otherwise authorized by the provisions of this  
23 section may be claimed for any event, transaction, investment,  
24 expenditure, or other act occurring on or after July 1, 2010, for

1 which the credit would otherwise be allowable until the provisions  
2 of this subsection shall cease to be operative on July 1, 2012.  
3 Beginning July 1, 2012, the credit authorized by this section may be  
4 claimed for any event, transaction, investment, expenditure, or  
5 other act occurring on or after July 1, 2010, according to the  
6 provisions of this section; provided, credits accrued during the  
7 period from July 1, 2010, through June 30, 2012, shall be limited to  
8 a period of two (2) taxable years. The credit shall be limited in  
9 each taxable year to fifty percent (50%) of the total amount of the  
10 accrued credit. Any tax credits which accrue during the period of  
11 July 1, 2010, through June 30, 2012, may not be claimed for any  
12 period prior to the taxable year beginning January 1, 2012. No  
13 credits which accrue during the period of July 1, 2010, through June  
14 30, 2012, may be used to file an amended tax return for any taxable  
15 year prior to the taxable year beginning January 1, 2012.

16 ~~K.~~ L. Beginning January 1, 2017, except with respect to tax  
17 credits allowed from investment or job creation occurring prior to  
18 January 1, 2017, the credits authorized by this section shall not be  
19 allowed for investment or job creation in electric power generation  
20 by means of wind as described by the North American Industry  
21 Classification System, No. 221119.

22 ~~L.~~ M. For tax years beginning on or after January 1, 2016, and  
23 ending on or before December 31, 2018, the total amount of credits  
24 authorized by this section used to offset tax shall be adjusted

1 annually to limit the annual amount of credits to Twenty-five  
2 Million Dollars (\$25,000,000.00). The Tax Commission shall annually  
3 calculate and publish a percentage by which the credits authorized  
4 by this section shall be reduced so the total amount of credits used  
5 to offset tax does not exceed Twenty-five Million Dollars  
6 (\$25,000,000.00) per year. The formula to be used for the  
7 percentage adjustment shall be Twenty-five Million Dollars  
8 (\$25,000,000.00) divided by the credits used to offset tax in the  
9 second preceding year.

10 ~~M.~~ N. Pursuant to subsection ~~L~~ M of this section, in the event  
11 the total tax credits authorized by this section exceed Twenty-five  
12 Million Dollars (\$25,000,000.00) in any calendar year, the Tax  
13 Commission shall permit any excess over Twenty-five Million Dollars  
14 (\$25,000,000.00) but shall factor such excess into the percentage  
15 adjustment formula for subsequent years.

16 O. For tax year 2027 and subsequent tax years, an entity shall  
17 submit an application, on a form prescribed by the Oklahoma Tax  
18 Commission, and receive approval by the Tax Commission before  
19 claiming a tax credit authorized pursuant to this section. The form  
20 shall require the following information:

21 1. The National Industry Number of the North American Industry  
22 Classification System (NAICS) Manual, latest revision, that  
23 describes the primary business activity of the entity;  
24

1       2. The amount of unused, carried forward credit claimed, as  
2 authorized pursuant to paragraph 2 of subsection A of this section  
3 and paragraph 2 of subsection B of this section;

4       3. The amount of unused, carried forward credit claimed, as  
5 authorized pursuant to paragraph 1 of subsection A of this section  
6 and paragraph 1 of subsection B of this section;

7       4. The average wage of new jobs created pursuant to the  
8 investment or creation of new jobs for which credit is applied for  
9 pursuant to this subsection; and

10       5. The following categories of investment, including amounts,  
11 for which the credit is applied for pursuant to this subsection:

- 12           a. new facility,
- 13           b. expansion of existing facility,
- 14           c. upgrades to existing facility, and
- 15           d. upgrades and replacement of equipment.

16       The Oklahoma Tax Commission shall provide the data collected  
17 pursuant to this subsection to the Incentive Evaluation Commission  
18 for only evaluation purposes by the Incentive Evaluation Commission  
19 or a designee. The Oklahoma Tax Commission may promulgate rules to  
20 effectuate the provisions of this subsection.

21       SECTION 3. This act shall become effective November 1, 2026.

22  
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