

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 2988

By: Dobrinski

AS INTRODUCED

An Act relating to environment and natural resources; creating the Oklahoma Harmful Woody Species Removal Tax Credit Act; providing for the purpose of the credit; requiring the Legislature to measure the effectiveness of the credit; defining terms; establishing an income tax credit for qualified taxpayers; providing credit amounts and annual limits; requiring the Oklahoma Conservation Commission to issue tax credit certificates to qualified taxpayers under certain circumstances; mandating the qualified taxpayer to submit an application prescribed by the Conservation Commission; providing requirements of application; allowing for one tax credit certificate to be given to qualified taxpayer per tax year; requiring the Conservation Commission to maintain a database; requiring the qualified taxpayer to submit tax credit certificate with tax return; providing annual cap on credit certificates; allowing for a reduction in credit amount if certain financial assistance is received; prohibiting credit from reducing tax liability of a taxpayer to less than zero; providing carryover of credit; allowing Conservation Commission to issue guidance; providing for codification; and providing an effective date.

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

1       SECTION 1.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 3-9-101 of Title 27A, unless  
3 there is created a duplication in numbering, reads as follows:

4       A. This act shall be known and may be cited as the "Oklahoma  
5 Harmful Woody Species Removal Tax Credit Act"

6       B. The purpose of the tax credit created by this act is to  
7 induce certain designated behavior by taxpayers, specifically to  
8 encourage an individual to actively practice one or more qualified  
9 stewardship practices on land, including practices that remove  
10 harmful woody species, increases soil health, improves water  
11 efficiency, or creates more diverse and beneficial ecosystems while  
12 maintaining the agricultural productivity of the land.

13       C. The Legislature shall measure the effectiveness of the  
14 credit in achieving the purpose specified in subsection B of this  
15 section based on the information required to be maintained by the  
16 Oklahoma Conservation Commission pursuant to paragraph 1 of  
17 subsection E of Section 2 of this act.

18       SECTION 2.       NEW LAW       A new section of law to be codified  
19 in the Oklahoma Statutes as Section 3-9-102 of Title 27A, unless  
20 there is created a duplication in numbering, reads as follows:

21       A. As used in this act:

22       1. "Credit certificate" means a certificate issued by the  
23 Oklahoma Conservation Commission certifying that a qualified  
24 taxpayer qualifies for an income tax credit authorized by this act

1 and specifying the amount of the credit allowed and the income tax  
2 year for which the credit may be claimed.

3 2. "Qualified stewardship practice" means any conservation  
4 practice, as specified by guidance issued by the Conservation  
5 Commission, that may include mechanical removal of harmful woody  
6 species, approved herbicide application, or prescribed fire. This  
7 includes, but is not limited to, grazing or cropping practice that  
8 improves soil health, improves water retention and drought  
9 resilience, or creates more diverse and beneficial ecosystems while  
10 maintaining the agricultural productivity of the land, including  
11 rotational crops, reduced tillage, no tillage, cover cropping,  
12 integrating managed livestock grazing on cropland, range  
13 improvements, interceding, or compost application.

14 3. "Qualified taxpayer" means a natural person subject to tax  
15 pursuant to Section 2355 of Title 68 of the Oklahoma Statutes who  
16 actively implements a qualified stewardship practice on a land  
17 located in the state during an income tax year, whether the  
18 qualified stewardship practice is newly practiced during the income  
19 tax year or is being continued from a prior income tax year.

20 B. Subject to the limitations set forth in subsection C of this  
21 act, for income tax years commencing on or after January 1, 2027,  
22 but before January 1, 2031, a qualified taxpayer is allowed a credit  
23 against the income tax imposed by Section 2355 of Title 68 of the  
24 Oklahoma Statutes in an amount equal to:

1        1. A minimum of Five Dollars (\$5.00) and a maximum of Five  
2        Hundred Dollars (\$500.00) per acre of land subject to one qualified  
3        stewardship practice, as specified by guidance issued by the  
4        Conservation Commission, limited to a maximum credit amount of One  
5        Hundred Fifty Thousand Dollars (\$150,000.00) per income tax year;

6        2. A minimum of Ten Dollars (\$10.00) and a maximum of One  
7        Thousand Dollars (\$1,000.00) per acre of land subject to two  
8        qualified stewardship practices, as specified by guidance issued by  
9        the Conservation Commission, limited to a maximum credit amount of  
10       Two Hundred Thousand Dollars (\$200,000.00) per income tax year; and

11       C. The Conservation Commission may only issue tax credit  
12       certificates to a qualified taxpayer:

13       1. For three (3) income tax years; and

14       2. If the qualified taxpayer has not received a tax credit or  
15       deduction related to the implementation of the qualifying  
16       stewardship practice, or other financial assistance that funded one  
17       hundred percent (100%) of the cost of implementation of the  
18       qualifying stewardship practice, during an income tax year for which  
19       a tax credit is claimed pursuant to this section.

20       D. A qualified taxpayer shall submit an application to the  
21       Conservation Commission for a tax credit certificate to claim the  
22       credit allowed by this act on a form and in a manner prescribed by  
23       the Conservation Commission. The application must include a means  
24       for the taxpayer to note whether the taxpayer files income taxes on

1 a calendar-year or fiscal-year basis and information to allow the  
2 Conservation Commission to make a determination that the stewardship  
3 practice is a qualified stewardship practice, that the qualified  
4 taxpayer is actively practicing the qualified stewardship practice,  
5 and to verify the amount for which the tax credit certificate is  
6 applied. A qualified taxpayer may receive only one tax credit  
7 certificate under this act per income tax year.

8 E. The Conservation Commission shall:

9 1. Maintain a database of any information determined necessary  
10 by the Conservation Commission to evaluate the effectiveness of the  
11 income tax credit provided in this act in meeting the purpose set  
12 forth in subsection B of Section 1 of this act; and

13 2. In a sufficiently timely manner to allow the Oklahoma Tax  
14 Commission to process returns claiming the income tax credit allowed  
15 in this section, provide the Oklahoma Tax Commission with an  
16 electronic report for the preceding tax year that lists each  
17 qualified taxpayer to which the Conservation Commission issued a tax  
18 credit certificate and include the following information:

- 19 a. the qualified taxpayer's name,
- 20 b. the amount of the income tax credit that the  
21 certificate indicates the qualified taxpayer is  
22 eligible to claim, and
- 23 c. the qualified taxpayer's Social Security number or  
24 individual taxpayer identification number.

1 F. In order to claim the credit authorized by this act, a  
2 qualified taxpayer shall file the tax credit certificate with the  
3 qualified taxpayer's state income tax return. The amount of the  
4 credit that the qualified taxpayer may claim pursuant to this  
5 section is the amount stated on the tax credit certificate.

6 G. The Conservation Commission shall issue certificates for  
7 credit claims received in the order submitted, but shall not issue  
8 credit certificates that exceed Three Million Dollars  
9 (\$3,000,000.00) in a calendar year. After certificates have been  
10 issued for credits in an aggregate amount of Three Million Dollars  
11 (\$3,000,000.00) for all qualified taxpayers during a calendar year,  
12 any additional claims must be placed on a wait list, with priority  
13 first given to:

14 a. a qualified taxpayer who has been issued a tax  
15 certificate in the calendar year preceding the  
16 calendar year in which the qualified taxpayer is  
17 placed on the wait list, and

18 b. a qualified taxpayer who applied for the tax credit  
19 authorized in this section but was placed on the wait  
20 list.

21 2. The Conservation Commission shall issue a certificate to  
22 qualified taxpayers placed on the wait list for use of the credit in  
23 the calendar year following the year in which the qualified taxpayer  
24 was placed on the wait list, except that no more than Two Million

1 Dollars (\$2,000,000.00) in claims shall be placed on the wait list  
2 in any given calendar year.

3 3. No claim for a credit is allowed for any income tax year  
4 unless a certificate has been issued by the Conservation Commission.  
5 If all other requirements of this act are met, the right to claim  
6 the credit is vested in a qualified taxpayer at the time a credit  
7 certificate is issued and the certificate shall be valid only for  
8 the calendar year state on the certificate.

9 4. If a qualified taxpayer received financial assistance that  
10 funded less than one hundred percent (100%) of the cost of the  
11 implementation of a qualifying stewardship practice under this  
12 section, the qualified taxpayer's credit certificate shall be  
13 reduced by the amount of financial assistance received.

14 H. The credit authorized by this section may not be used to  
15 reduce the tax liability of the taxpayer to less than zero (0).

16 The excess credit may be carried forward for two (2) years.

17 The Conservation Commission may issue guidance to administer  
18 this section, including specifying requirements for implementing and  
19 demonstrating qualified stewardship practices, and may issue tax  
20 credit certificates pursuant to this section.

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

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