

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 HOUSE BILL 4426

By: Hilbert

6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending  
8 Section 1, Chapter 340, O.S.L. 2022, as amended by  
9 Section 1, Chapter 164, O.S.L. 2024 (68 O.S. Supp.  
10 2024, Section 2357.105), which relates to income tax  
credit for qualified economic development  
expenditures; extending date for which the credit  
will be in effect; and providing an effective date.

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

15 SECTION 1. AMENDATORY Section 1, Chapter 340, O.S.L.  
16 2022, as amended by Section 1, Chapter 164, O.S.L. 2024 (68 O.S.  
17 Supp. 2024, Section 2357.105), is amended to read as follows:

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

19 1. "Eligible entity" means an entity incorporated and located  
20 in the state with a qualifying project in a qualifying project  
21 location;

22 2. "Qualifying project" means the new construction or expansion  
23 of an eligible entity or the development of qualified initial

1 infrastructure to serve an eligible entity in a qualifying project  
2 location;

3       3. "Qualifying project location" means a project located in an  
4 industrial park, economic development zone, or port located within a  
5 county in this state with a population of less than one hundred  
6 thousand (100,000) persons ("Qualified Area"), or a project located  
7 adjacent to a terminal, switching, or Class II or III railroad as  
8 defined by the federal Surface Transportation Board;

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

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

18       6. "Qualified economic development expenditures" means  
19 expenditures for land improvements, building construction, building  
20 improvements and expansion, port terminal improvements, and the  
21 purchase of certain machinery and equipment;

22       7. "Qualified initial infrastructure expenditures" means  
23 expenditures for new rail infrastructure and improvements, which  
24 includes the acquisition of right-of-way, engineering,

1 rehabilitation of existing inactive track to reinstate operation,  
2 construction of new track such as industrial leads, switches, spurs,  
3 and sidings, loading dock improvements, and transloading structures  
4 involved with providing rail service to a qualifying project; and

5       8. "Project tax credit amount" means the amount of tax credits  
6 allocated by Oklahoma Department of Commerce to a qualifying project  
7 for qualified economic development and initial infrastructure  
8 expenditures.

9       B. For tax years beginning after December 31, 2022, and ending  
10 not later than December 31, ~~2027~~ 2032, there shall be allowed a  
11 credit against the tax imposed pursuant to Section 2355 of this  
12 title in an amount not to exceed ten percent (10%) of an eligible  
13 entity's qualified economic development expenditures, subject to  
14 limitations, determination, and allocation by the Oklahoma  
15 Department of Commerce.

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

21       D. 1. The project tax credit amount for qualified economic  
22 development expenditures may not exceed Six Million Dollars  
23 (\$6,000,000.00) per qualifying project.

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

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

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

11       F. The credits authorized pursuant to this section may not be  
12 used to reduce the tax liability of the taxpayer to less than zero  
13 (0).

14       G. The credits allowed pursuant to this section that are not  
15 used may be assigned to a qualifying project affiliate by written  
16 agreement at any time during the tax year in which the credit is  
17 earned or the five (5) years following the tax year the qualified  
18 expenditures are incurred. For purposes of this subsection, a  
19 "qualifying project affiliate" shall include a customer, vendor,  
20 project investor, or strategic finance partner of the eligible  
21 entity subject to the Oklahoma corporate or individual income tax.  
22 The eligible taxpayer and the qualifying project affiliate must  
23 jointly file a copy of the written assignment agreement with the  
24 Oklahoma Tax Commission within thirty (30) days of the assignment.

1 The written agreement must contain the name, address, and taxpayer  
2 identification number of the parties to the assignment, the tax year  
3 the eligible taxpayer incurred the qualified expenditures, the  
4 amount of credit being assigned, and the tax year or years for which  
5 the credit may be claimed.

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

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

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

19 2. The Oklahoma Department of Commerce shall promulgate rules  
20 to permit verification of the eligibility of a qualifying project  
21 for the purpose of claiming the credit. The rules shall provide for  
22 the approval of qualified economic development expenditures prior to  
23 commencement of a project and provide a certificate of verification  
24 upon completion of a project that uses qualified economic

1 development expenditures. The certificate of verification shall  
2 satisfy all requirements of the Oklahoma Tax Commission pertaining  
3 to the eligibility of the eligible taxpayer claiming the credit.

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

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6 60-2-15484           AO           12/29/25  
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