

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3978

By: Caldwell (Trey)

6 AS INTRODUCED

7 An Act relating to the Oklahoma Rural Jobs Act;
8 amending Section 2, Chapter 354, O.S.L. 2022 (68 O.S.
9 Supp. 2025, Section 3931), which relates to
definitions; modifying definition of qualified
investment; amending Section 4, Chapter 354, O.S.L.
10 2022 (68 O.S. Supp. 2025, Section 3933), which
relates to capital investment authority state tax
credits; modifying capital investment authority caps;
11 updating references; and providing an effective date.

12
13
14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY Section 2, Chapter 354, O.S.L.

16 2022 (68 O.S. Supp. 2025, Section 3931), is amended to read as
17 follows:

18 Section 3931. As used in this act:

19 1. "Affiliate" means an entity that directly, or indirectly
20 through one or more intermediaries, controls, or is controlled by,
21 or is under the common control with another entity. An entity is
22 controlled by another entity if the controlling entity holds,
23 directly or indirectly, the majority of voting or ownership interest

1 in the controlled entity or has control over day-to-day operations
2 of the controlled entity by contract or by law;

3 2. "Applicable percentage" means zero percent (0%) for the
4 first two credit allowance dates, and fifteen percent (15%) for the
5 next four credit allowance dates;

6 3. "Capital investment" means any equity investment in a rural
7 fund by a rural investor which:

8 a. is acquired after ~~the effective date of this act~~
9 November 1, 2022 at its original issuance solely in
10 exchange for cash,

11 b. has one hundred percent (100%) of its cash purchase
12 price used by the rural fund to make qualified
13 investments in eligible businesses located in this
14 state by the third anniversary of the initial credit
15 allowance date, and

16 c. is designated by the rural fund as a capital
17 investment under this act and is certified by the
18 Department under the provisions of Section ~~3~~ 3932 of
19 this ~~act~~ title. This shall include any capital
20 investment that does not meet the provisions of
21 paragraph 1 of subsection A of Section ~~3~~ 3932 of this
22 ~~act~~ title, if such investment was a capital investment
23 in the hands of a prior holder;

1 4. "Credit allowance date" means the date on which the
2 Department certifies a rural fund's capital investment and each of
3 the five anniversary dates of such date thereafter;

4 5. "Department" means the Oklahoma Department of Commerce;

5 6. "Eligible business" means a business that, at the time of
6 the initial qualified investment in the business:

- 7 a. has fewer than two hundred fifty employees, and
- 8 b. has its principal business operations in the state.

9 Any business which is classified as an eligible business at the
10 time of the initial investment in such business by a rural fund
11 shall remain classified as an eligible business and may receive
12 follow-on investments from any rural fund, and such follow-on
13 investments shall be qualified investments even though such business
14 may not meet the definition of an eligible business at the time of
15 such follow-on investment;

16 7. "Principal business operations" means the location where at
17 least sixty percent (60%) of a business's employees work or where
18 employees who are paid at least sixty percent (60%) of such
19 business's payroll work. A business that has agreed to relocate
20 employees using the proceeds of a qualified investment to establish
21 its principal business operations in a new location shall be deemed
22 to have its principal business operations in such new location if it
23 satisfied the requirements of this paragraph no later than one
24 hundred eighty (180) days after receiving a qualified investment;

1 8. "Purchase price" means the amount paid to the rural fund
2 that issues a capital investment which shall not exceed the amount
3 of capital investment authority certified under the provisions of
4 Section 3 3932 of this ~~act~~ title;

5 9. "Qualified investment" means any investment in an eligible
6 business or any loan to an eligible business with a stated maturity
7 date of at least one (1) year after the date of issuance, excluding
8 revolving lines of credit and senior-secured debt unless the chief
9 executive or similar officer of the eligible business certifies that
10 the eligible business sought and was denied similar financing from a
11 depository institution, by a rural fund; provided that, with respect
12 to any one eligible business, the maximum amount of investments made
13 in such business by one or more rural funds, on a collective basis
14 with all of the businesses' affiliates, with the proceeds of the
15 capital investments, shall be the greater of twenty percent (20%) of
16 the rural fund's capital investment authority or Six Million Five
17 Hundred Thousand Dollars (\$6,500,000.00), and such limitation shall
18 apply separately to investments made by a rural fund receiving
19 certification prior to the effective date of this act and to
20 investments made by a rural fund certified on or after the effective
21 date of this act, exclusive of investments made with repaid or
22 redeemed investments or interest or profits realized thereon. No
23 eligible business shall refinance, directly or indirectly, any
24 qualified investment made prior to the effective date of this act

1 with funds derived from capital investments certified on or after
2 such effective date;

3 10. "Rural area" means any county of this state that has a
4 population of less than seventy-five thousand (75,000) or any city
5 or town of this state that has a population not to exceed seven
6 thousand (7,000) according to the 2020 Federal Decennial Census of
7 the United States;

8 11. "Rural fund" means an entity certified by the Department
9 under the provisions of Section 3 3932 of this ~~act~~ title;

10 12. "Rural investor" means an entity that makes a capital
11 investment in a rural fund;

12 13. "Senior-secured debt" means any loan that is secured by a
13 first mortgage on real estate with a loan-to-value ratio of less
14 than eighty percent (80%); and

15 14. "State tax liability" means the tax imposed under Section
16 2355, 2355.1P-4, or 2370 of ~~Title 68 of the Oklahoma Statutes this~~
17 title or Section 624 or 628 of Title 36 of the Oklahoma Statutes.

18 An insurance company claiming a credit against state premium tax or
19 retaliatory tax or any other tax imposed by Section 624 or 628 of
20 Title 36 of the Oklahoma Statutes shall not be required to pay any
21 additional retaliatory tax under Section 628 of Title 36 of the
22 Oklahoma Statutes as a result of claiming the credit. The credit
23 may fully offset any retaliatory tax imposed by Section 628 of Title
24 36 of the Oklahoma Statutes.

1 SECTION 2. AMENDATORY Section 4, Chapter 354, O.S.L.

2 2022 (68 O.S. Supp. 2025, Section 3933), is amended to read as
3 follows:

4 Section 3933. A. The Department shall certify capital
5 investment authority under the provisions of ~~this act~~ the Oklahoma
6 Rural Jobs Act in amounts that would not authorize more than Fifteen
7 Million Dollars (\$15,000,000.00) in state tax credits to be claimed
8 against state tax liability in any calendar year for applications
9 approved prior to the effective date of this act and Fifteen Million
10 Dollars (\$15,000,000.00) in state tax credits to be claimed against
11 state tax liability in any calendar year for applications approved
12 on or before the effective date of this act, excluding any credit
13 amounts carried forward as provided under subsection A of Section 5
14 of this act Section 3934 of this title. A rural fund receiving
15 certification for an application approved prior to the effective
16 date of this act shall be eligible to receive certification on an
17 application submitted after the effective date of this act. Within
18 ninety (90) days of the applicant receiving notice of certification,
19 the rural fund shall issue the capital investment to and receive
20 cash in the amount of the certified amount from a rural investor.
21 At least ten percent (10%) of the rural investor's capital
22 investment shall be composed of capital raised by the rural investor
23 directly or indirectly from sources including directors, members,
24 employees, officers, and affiliates of the rural investor, other

1 than the amount invested by the allocatee claiming the tax credits
2 in exchange for such allocation of tax credits. The rural fund
3 shall provide the Department with evidence of the receipt of the
4 cash investment within ninety-five (95) days of the applicant
5 receiving notice of certification.

6 B. If the rural fund does not receive the cash investment and
7 issue the capital investment within such time period following
8 receipt of the certificate notice, the certification shall lapse and
9 the rural fund shall not issue the capital investment without
10 reapplying to the Department for certification. Lapsed
11 certifications shall revert to the Department and shall be reissued
12 pro rata to applicants whose capital investment allocations were
13 reduced in accordance with the application process provided under
14 subsection D of Section 3 3932 of this ~~act~~ title.

15 C. A rural fund, before making a qualified investment, may
16 request from the Department a written opinion as to whether the
17 business in which it proposes to invest is an eligible business.
18 The Department, no later than fifteen (15) business days after the
19 date of receipt of such request, shall notify the rural fund of its
20 determination. If the Department fails to notify the rural fund of
21 its determination by the twentieth business day, the business in
22 which the rural fund proposes to invest shall be deemed an eligible
23 business.

24

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

2
3 60-2-14180 JM 12/16/25

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24