

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1992

By: Hall

6 AS INTRODUCED

7 An Act relating to income tax; amending Section 1,  
8 Chapter 340, O.S.L. 2022, as amended by Section 1,  
9 Chapter 164, O.S.L. 2024 (68 O.S. Supp. 2025, Section  
10 2357.105), which relates to income tax credit for  
11 qualified project expenditures; defining term;  
12 requiring the Oklahoma Department of Commerce to  
13 promulgate certain rules; and providing an effective  
14 date.

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

16 SECTION 1. AMENDATORY Section 1, Chapter 340, O.S.L.

17 2022, as amended by Section 1, Chapter 164, O.S.L. 2024 (68 O.S.  
18 Supp. 2025, Section 2357.105), is amended to read as follows:

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

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

23 2. "Qualifying project" means the new construction or expansion  
24 of an eligible entity or the development of qualified initial  
infrastructure to serve an eligible entity in a qualifying project  
location;

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

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

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

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

20       7. "Qualified initial infrastructure expenditures" means  
21 expenditures for new rail infrastructure and improvements, which  
22 includes the acquisition of right-of-way, engineering,  
23 rehabilitation of existing inactive track to reinstate operation,  
24 construction of new track such as industrial leads, switches, spurs,

1 and sidings, loading dock improvements, and transloading structures  
2 involved with providing rail service to a qualifying project; and

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

7       9. "Strategic finance partner" means any entity, regardless of  
8 legal form, that provides capital to a qualifying project. Capital  
9 contributions may include, but are not limited to, cash, loans,  
10 guarantees, other financial instruments, or services that support  
11 the eligible entity in the completion of a qualifying project. A  
12 strategic finance partner shall be subject to the Oklahoma corporate  
13 or individual income tax to qualify as a qualifying project  
14 affiliate.

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

22       C. The total project tax credit amount may not exceed ten  
23 percent (10%) of the qualified economic development expenditures,  
24 except for qualified initial infrastructure expenditures the project

1 tax credit amount is earned at the rate of fifty percent (50%) of  
2 qualified initial infrastructure expenditures.

3       D. 1. The project tax credit amount for qualified economic  
4 development expenditures may not exceed Six Million Dollars  
5 (\$6,000,000.00) per qualifying project.

6       2. The project tax credit amount for qualified initial  
7 infrastructure expenditures may not exceed Three Million Dollars  
8 (\$3,000,000.00) per qualifying project.

9       Projects are eligible to combine qualified economic development  
10 and qualified initial infrastructure expenditures, but the total  
11 project tax credit amount may not exceed Six Million Dollars  
12 (\$6,000,000.00) per qualifying project in aggregate.

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

16       F. The credits authorized pursuant to this section may not be  
17 used to reduce the tax liability of the taxpayer to less than zero  
18 (0).

19       G. The credits allowed pursuant to this section that are not  
20 used may be assigned to a qualifying project affiliate by written  
21 agreement at any time during the tax year in which the credit is  
22 earned or the five (5) years following the tax year the qualified  
23 expenditures are incurred. For purposes of this subsection, a  
24 "qualifying project affiliate" shall include a customer, vendor,  
25

1 project investor, or strategic finance partner of the eligible  
2 entity subject to the Oklahoma corporate or individual income tax.  
3 The eligible taxpayer and the qualifying project affiliate must  
4 jointly file a copy of the written assignment agreement with the  
5 Oklahoma Tax Commission within thirty (30) days of the assignment.  
6 The written agreement must contain the name, address, and taxpayer  
7 identification number of the parties to the assignment, the tax year  
8 the eligible taxpayer incurred the qualified expenditures, the  
9 amount of credit being assigned, and the tax year or years for which  
10 the credit may be claimed.

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

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

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

1       2. The Oklahoma Department of Commerce shall promulgate rules  
2 to permit verification of the eligibility of a qualifying project  
3 for the purpose of claiming the credit. The rules shall provide for  
4 the approval of qualified economic development expenditures prior to  
5 commencement of a project, provide for the approval of a strategic  
6 finance partner, and provide a certificate of verification upon  
7 completion of a project that uses qualified economic development  
8 expenditures. The certificate of verification shall satisfy all  
9 requirements of the Oklahoma Tax Commission pertaining to the  
10 eligibility of the eligible taxpayer claiming the credit.

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

13       60-2-2825           QD           1/15/2026 9:39:47 AM