

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 2058

By: Deevers

AS INTRODUCED

An Act relating to gold and silver; stating intent; defining terms; recognizing specie as legal tender; authorizing certain payments to be made with specie; requiring the State Treasurer to promulgate rules; requiring depository established to enter certain contract; requiring certain deposits be insured; prescribing requirements for deposits; requiring the State Treasurer to submit certain report; providing for the establishment of certain fees; prescribing allocation of fee revenue; requiring the State Treasurer to implement provisions within certain period; amending 68 O.S. 2021, Section 2358, as last amended by Section 155, Chapter 452, O.S.L. 2024 (68 O.S. Supp. 2025, Section 2358), which relates to adjustments; exempting the sale or exchange of gold and silver from taxable income; updating statutory language; updating statutory references; providing for noncodification; providing for codification; and providing an effective.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

The Legislature hereby finds that:

1. Several states have introduced or enacted legislation to recognize transactional gold and silver;

1       2. The use of gold and silver as a medium of exchange has a  
2 historical basis in fostering economic stability and individual  
3 liberty;

4       3. Section 10 of Article I of the United States Constitution  
5 authorizes the states to make gold, silver, and United States  
6 dollars acceptable mediums of payment but prohibits states from  
7 coining money or declaring anything other than gold or silver legal  
8 tender for debts. This act operates within those constitutional  
9 boundaries;

10       4. The Tenth Amendment reserves to the states powers not  
11 delegated to the federal government. This state has the authority  
12 to regulate its financial operations, investments, and partnerships,  
13 including the use of gold and silver bullion for payments;

14       5. Section 1 of Article II of the Oklahoma Constitution  
15 authorizes the Legislature to act for the general welfare. This act  
16 fosters economic innovation, enhances fiscal transparency, and  
17 empowers individuals and businesses with greater financial  
18 flexibility;

19       6. Recognizing gold and silver as legal tender promotes  
20 economic justice by allowing citizens of every economic stratus  
21 access to the ability to preserve their wealth by hedging against  
22 inflation with precious metals;

23       7. Establishing mechanisms for the use of precious metals in  
24 transactions enhances Oklahoma's economic resilience;

1       8. Allowing the use of gold and silver as legal tender provides  
2 individuals and businesses within Oklahoma an alternative option for  
3 preserving and exchanging wealth;

4       9. Gold and silver is legal tender and functions as a medium of  
5 exchange, it should not be subject to taxation;

6       10. Transactional gold and silver, as authorized in this act,  
7 constitute voluntary, opt-in mediums of exchange held in physical  
8 form, and shall not be construed as a central bank digital currency  
9 (CBDC), nor shall they be used by the state or any public entity as  
10 a mechanism for surveillance, social scoring, behavioral  
11 conditioning, or any form of social or economic control; and

12       11. The purpose of this act is to:

- 13           a. establish a framework for the use of gold and silver  
14               bullion in state and private transactions,
- 15           b. authorize or establish one (1) or more bullion  
16               depositories,
- 17           c. create or contract with one (1) or more third-party  
18               vendors to establish an electronic payment system to  
19               facilitate electronic transactions based on gold and  
20               silver bullion, and
- 21           d. create a transparent system for revenue generation and  
22               compliance, ensuring no capital gains tax applies to  
23               gold or silver as legal tender.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 72.8 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Bullion depository" means an entity providing vault facilities within the United States for the storage of gold bullion and silver bullion that:

a. complies with the prescribed London Bullion Market Association or equivalent best practice guidelines, and

b. provides accounts that:

(1) hold gold and silver bullion, and

(2) allow account holders to buy, sell, save, or spend gold bullion and silver bullion;

2. "Depository agent" means a private entity authorized by the State Treasurer to operate a bullion depository or perform related services under this section;

3. "Electronic payment system" means an electronic platform or payment system that enables participating vendors to receive and process a payment from an account holder of a bullion depository using gold specie and silver specie held in the bullion depository as the basis for the payment transaction;

4. "Gold and silver bullion" means gold and silver metal that is:

1           a.    in bars or other physical forms certified at least:

2               (1)   for gold, ninety-nine and fifty hundredths  
3               percent (99.5%) pure, and

4               (2)   for silver, ninety-nine and ninety hundredths  
5               percent (99.9%) pure, and

6           b.    coined, stamped, or imprinted with weight and purity;

7       5.   "Gold and silver specie" means gold or silver bullion that:

8           a.    has intrinsic value, and

9           b.    is used or intended for use as money;

10       6.   "Legal tender" means a recognized medium of exchange for the  
11   payment of debts, taxes, fees, and other obligations;

12       7.   "Social credit scoring system" means a system of  
13   recordkeeping, data collection, or scoring that:

14           a.    evaluates, monitors, or ranks an individual's or  
15           entity's behavior, beliefs, associations, or  
16           compliance with government or corporate standards, and

17           b.    conditions access to services, benefits, or  
18           opportunities based on an evaluation, monitoring, or  
19           ranking referenced in subparagraph a of this  
20           paragraph; and

21       8.   "Transactional gold and silver" means a representation, in  
22   the exact units of metal in fractional troy ounces or grams, of  
23   physical gold, silver, or bullion that:

- a. may be transferred through electronic or written instruction by the owner,
- b. may be used to make or receive payments, or to transfer value, within this state or between parties who consent to its use, and
- c. is fully backed by specie held in a qualified depository and redeemable on demand by the holder in the underlying gold or silver specie or bullion.

B. Gold and silver specie are recognized as legal tender by this state. Gold and silver specie may be used for payment of the following:

1. Debts between private parties, if the parties mutually agree to use of the specie; and
2. Taxes, fees, or other obligations owed to this state or a governing authority of this state.

C. Any person or entity shall not be required to accept gold and silver specie as payment.

D. The State Treasurer shall promulgate rules to:

1. Designate or establish one (1) or more bullion depositories to facilitate transactions under this section;
2. Authorize one (1) or more electronic payment systems to facilitate transactions under this section; and
3. Effectuate the provisions of this section.

1 E. The State Treasurer may operate the bullion depository  
2 directly or contract with a depository agent or contract with one  
3 (1) or more private entities to develop or operate an electronic  
4 payment system.

5 F. The State Treasurer shall establish requirements to ensure:

6 1. The designated or established bullion depository is secure,  
7 transparent to account holders, and accessible for use by any person  
8 or entity;

9 2. That each authorize electronic payment system is reliable  
10 and complies with applicable laws, including this section;

11 3. That any depository agent or contracted entity operates in  
12 the best interests of this state and the account holders;

13 4. The gold and silver bullion is being held by the depository  
14 in compliance with this section and otherwise complies with the  
15 provisions of this section and the rules promulgated by the State  
16 Treasurer;

17 5. That each authorized and approved electronic payment system  
18 and any participating vendors are authorized to do business in this  
19 state and compliant with relevant money transmission laws;

20 6. That appropriate fraud prevention measures are implemented  
21 by the following:

22 a. the designated or established bullion depository,

23 b. any depository agent or contracted entity,  
24  
25

1           c.    each authorized and approved electronic payment  
2                    system, and

3           d.    each participating vendor of an authorized and  
4                    approved electronic payment system; and

5           7.    The privacy of the bullion depository's account holders and  
6 the participants of each authorized and approved electronic payment  
7 system, which shall include that, at a minimum, transaction  
8 information shall not, except to the extent the State Treasurer  
9 deems necessary to enforce and effectuate this section, be:

10           a.    shared with any person other than the account holder  
11                    or participant without proper court authorization, or

12           b.    used in any social credit scoring system.

13           G.    A bullion depository designated or established by the State  
14 Treasurer under this section shall have a contractual relationship  
15 with each electronic payment system that is authorized and approved  
16 by the State Treasurer under this section to provide services for  
17 deposits of gold bullion and silver bullion as provided by the State  
18 Treasurer under this section.

19           H.    For each deposit made in a bullion depository designated or  
20 established by the State Treasurer under this section, the bullion  
21 depository shall insure the deposit under an all-risk insurance  
22 policy issued by a nongovernmental operated insurer for one hundred  
23 percent (100%) of the full replacement value of the deposit.



1 I. A deposit made in a bullion depository designated or  
2 established by the State Treasurer of Oklahoma under this section  
3 shall:

4 1. Be the sole property of the account holder; and

5 2. Not be subject to appropriation by any state or the United  
6 States without due process of law.

7 J. By July 1 of each year, the State Treasurer electronically  
8 shall submit an annual report to the Legislature for referral to the  
9 appropriate committees that details the following:

10 1. The status and operations of the designated or established  
11 bullion depository;

12 2. The implementation and usage of authorized and approved  
13 electronic payment systems; and

14 3. The economic impact of recognizing gold specie and silver  
15 specie as legal tender.

16 K. The State Treasurer may establish transaction fees  
17 associated with the services provided by the bullion depository,  
18 subject to the following restrictions:

19 1. Transaction fees for nonresidents of this state shall not  
20 exceed four percent (4%) of the value transferred, withdrawn, or  
21 deposited and shall reasonably compare to the average transaction  
22 card fee rates;

1        2. Residents of this state shall be eligible to receive a  
2 reduced transaction fee not to exceed two percent (2%) of the value  
3 transferred, withdrawn, or deposited; and

4        3. All revenue generated through transaction fees shall, after  
5 allocations are made to pay the costs to administer the depository,  
6 be placed to the credit of the General Revenue Fund.

7        L. The State Treasurer shall implement the provisions of this  
8 section within one (1) year of the effective date of this act.

9        M. Nothing in this section shall be construed to authorize,  
10 endorse, or implement a central bank digital currency or any  
11 mechanism for surveillance, social credit scoring, behavioral  
12 conditioning, or any other form of social or economic control.

13        SECTION 3.        AMENDATORY        68 O.S. 2021, Section 2358, as  
14 last amended by Section 155, Chapter 452, O.S.L. 2024 (68 O.S. Supp.  
15 2025, Section 2358), is amended to read as follows:

16        Section 2358. For all tax years beginning after December 31,  
17 1981, taxable income and adjusted gross income shall be adjusted to  
18 arrive at Oklahoma taxable income and Oklahoma adjusted gross income  
19 as required by this section.

20        A. The taxable income of any taxpayer shall be adjusted to  
21 arrive at Oklahoma taxable income for corporations and Oklahoma  
22 adjusted gross income for individuals, as follows:

23        1. There shall be added interest income on obligations of any  
24 state or political subdivision thereto which is not otherwise

1 exempted pursuant to other laws of this state, to the extent that  
2 such interest is not included in taxable income and adjusted gross  
3 income.

4 2. There shall be deducted amounts included in such income that  
5 the state is prohibited from taxing because of the provisions of the  
6 ~~Federal~~ United States Constitution, the ~~State~~ Oklahoma Constitution,  
7 federal laws or laws of Oklahoma.

8 3. The amount of any federal net operating loss deduction shall  
9 be adjusted as follows:

10 a. For carryovers and carrybacks to taxable years  
11 beginning before January 1, 1981, the amount of any  
12 net operating loss deduction allowed to a taxpayer for  
13 federal income tax purposes shall be reduced to an  
14 amount which is the same portion thereof as the loss  
15 from sources within this state, as determined pursuant  
16 to this section and Section 2362 of this title, for  
17 the taxable year in which such loss is sustained is of  
18 the total loss for such year;

19 b. For carryovers and carrybacks to taxable years  
20 beginning after December 31, 1980, the amount of any  
21 net operating loss deduction allowed for the taxable  
22 year shall be an amount equal to the aggregate of the  
23 Oklahoma net operating loss carryovers and carrybacks  
24 to such year. Oklahoma net operating losses shall be

1 separately determined by reference to Section 172 of  
2 the Internal Revenue Code of 1986, as amended, 26  
3 U.S.C., Section 172, as modified by the Oklahoma  
4 Income Tax Act, Section 2351 et seq. of this title,  
5 and shall be allowed without regard to the existence  
6 of a federal net operating loss. For tax years  
7 beginning after December 31, 2000, and ending before  
8 January 1, 2008, the years to which such losses may be  
9 carried shall be determined solely by reference to  
10 Section 172 of the Internal Revenue Code of 1986, as  
11 amended, 26 U.S.C., Section 172, with the exception  
12 that the terms "net operating loss" and "taxable  
13 income" shall be replaced with "Oklahoma net operating  
14 loss" and "Oklahoma taxable income". For tax years  
15 beginning after December 31, 2007, and ending before  
16 January 1, 2009, years to which such losses may be  
17 carried back shall be limited to two (2) years. For  
18 tax years beginning after December 31, 2008, the years  
19 to which such losses may be carried back shall be  
20 determined solely by reference to Section 172 of the  
21 Internal Revenue Code of 1986, as amended, 26 U.S.C.,  
22 Section 172, with the exception that the terms "net  
23 operating loss" and "taxable income" shall be replaced  
24

1 with "Oklahoma net operating loss" and "Oklahoma  
2 taxable income".

3 4. Items of the following nature shall be allocated as  
4 indicated. Allowable deductions attributable to items separately  
5 allocable in subparagraphs a, b and c of this paragraph, whether or  
6 not such items of income were actually received, shall be allocated  
7 on the same basis as those items:

8 a. Income from real and tangible personal property, such  
9 as rents, oil and mining production or royalties, and  
10 gains or losses from sales of such property, shall be  
11 allocated in accordance with the situs of such  
12 property;

13 b. Income from intangible personal property, such as  
14 interest, dividends, patent or copyright royalties,  
15 and gains or losses from sales of such property, shall  
16 be allocated in accordance with the domiciliary situs  
17 of the taxpayer, except that:

18 (1) where such property has acquired a nonunitary  
19 business or commercial situs apart from the  
20 domicile of the taxpayer such income shall be  
21 allocated in accordance with such business or  
22 commercial situs; interest income from  
23 investments held to generate working capital for  
24 a unitary business enterprise shall be included

1 in apportionable income; a resident trust or  
2 resident estate shall be treated as having a  
3 separate commercial or business situs insofar as  
4 undistributed income is concerned, but shall not  
5 be treated as having a separate commercial or  
6 business situs insofar as distributed income is  
7 concerned,

- 8 (2) for taxable years beginning after December 31,  
9 2003, capital or ordinary gains or losses from  
10 the sale of an ownership interest in a publicly  
11 traded partnership, as defined by Section 7704(b)  
12 of the Internal Revenue Code of 1986, as amended,  
13 shall be allocated to this state in the ratio of  
14 the original cost of such partnership's tangible  
15 property in this state to the original cost of  
16 such partnership's tangible property everywhere,  
17 as determined at the time of the sale; if more  
18 than fifty percent (50%) of the value of the  
19 partnership's assets consists of intangible  
20 assets, capital or ordinary gains or losses from  
21 the sale of an ownership interest in the  
22 partnership shall be allocated to this state in  
23 accordance with the sales factor of the  
24 partnership for its first full tax period

1 immediately preceding its tax period during which  
2 the ownership interest in the partnership was  
3 sold; the provisions of this division shall only  
4 apply if the capital or ordinary gains or losses  
5 from the sale of an ownership interest in a  
6 partnership do not constitute qualifying gain  
7 receiving capital treatment as defined in  
8 subparagraph a of paragraph 2 of subsection F of  
9 this section,

10 (3) income from such property which is required to be  
11 allocated pursuant to the provisions of paragraph  
12 5 of this subsection shall be allocated as herein  
13 provided;

14 c. Net income or loss from a business activity which is  
15 not a part of business carried on within or without  
16 the state of a unitary character shall be separately  
17 allocated to the state in which such activity is  
18 conducted;

19 d. In the case of a manufacturing or processing  
20 enterprise the business of which in ~~Oklahoma~~ this  
21 state consists solely of marketing its products by:

22 (1) sales having a situs without this state, shipped  
23 directly to a point from without the state to a  
24

1 purchaser within the state, commonly known as  
2 interstate sales,

3 (2) sales of the product stored in public warehouses  
4 within the state pursuant to "in transit"  
5 tariffs, as prescribed and allowed by the  
6 Interstate Commerce Commission, to a purchaser  
7 within the state,

8 (3) sales of the product stored in public warehouses  
9 within the state where the shipment to such  
10 warehouses is not covered by "in transit"  
11 tariffs, as prescribed and allowed by the  
12 Interstate Commerce Commission, to a purchaser  
13 within or without the state,

14 the Oklahoma net income shall, at the option of the  
15 taxpayer, be that portion of the total net income of  
16 the taxpayer for federal income tax purposes derived  
17 from the manufacture and/or processing and sales  
18 everywhere as determined by the ratio of the sales  
19 defined in this section made to the purchaser within  
20 the state to the total sales everywhere. The term  
21 "public warehouse" as used in this subparagraph means  
22 a licensed public warehouse, the principal business of  
23 which is warehousing merchandise for the public;  
24



1 e. In the case of insurance companies, Oklahoma taxable  
2 income shall be taxable income of the taxpayer for  
3 federal tax purposes, as adjusted for the adjustments  
4 provided pursuant to the provisions of paragraphs 1  
5 and 2 of this subsection, apportioned as follows:

6 (1) except as otherwise provided by division (2) of  
7 this subparagraph, taxable income of an insurance  
8 company for a taxable year shall be apportioned  
9 to this state by multiplying such income by a  
10 fraction, the numerator of which is the direct  
11 premiums written for insurance on property or  
12 risks in this state, and the denominator of which  
13 is the direct premiums written for insurance on  
14 property or risks everywhere. For purposes of  
15 this ~~subsection~~ subparagraph, the term "direct  
16 premiums written" means the total amount of  
17 direct premiums written, assessments and annuity  
18 considerations as reported for the taxable year  
19 on the annual statement filed by the company with  
20 the Insurance Commissioner in the form approved  
21 by the National Association of Insurance  
22 Commissioners, or such other form as may be  
23 prescribed in lieu thereof,  
24

1 (2) if the principal source of premiums written by an  
2 insurance company consists of premiums for  
3 reinsurance accepted by it, the taxable income of  
4 such company shall be apportioned to this state  
5 by multiplying such income by a fraction, the  
6 numerator of which is the sum of (a) direct  
7 premiums written for insurance on property or  
8 risks in this state, plus (b) premiums written  
9 for reinsurance accepted in respect of property  
10 or risks in this state, and the denominator of  
11 which is the sum of (c) direct premiums written  
12 for insurance on property or risks everywhere,  
13 plus (d) premiums written for reinsurance  
14 accepted in respect of property or risks  
15 everywhere. For purposes of this ~~paragraph~~  
16 subparagraph, premiums written for reinsurance  
17 accepted in respect of property or risks in this  
18 state, whether or not otherwise determinable, may  
19 at the election of the company be determined on  
20 the basis of the proportion which premiums  
21 written for insurance accepted from companies  
22 commercially domiciled in ~~Oklahoma~~ this state  
23 bears to premiums written for reinsurance  
24 accepted from all sources, or alternatively in

1 the proportion which the sum of the direct  
2 premiums written for insurance on property or  
3 risks in this state by each ceding company from  
4 which reinsurance is accepted bears to the sum of  
5 the total direct premiums written by each such  
6 ceding company for the taxable year.

7 5. The net income or loss remaining after the separate  
8 allocation in paragraph 4 of this subsection, being that which is  
9 derived from a unitary business enterprise, shall be apportioned to  
10 this state on the basis of the arithmetical average of three factors  
11 consisting of property, payroll and sales or gross revenue  
12 enumerated as subparagraphs a, b and c of this paragraph. Net  
13 income or loss as used in this paragraph includes that derived from  
14 patent or copyright royalties, purchase discounts, and interest on  
15 accounts receivable relating to or arising from a business activity,  
16 the income from which is apportioned pursuant to this subsection,  
17 including the sale or other disposition of such property and any  
18 other property used in the unitary enterprise. Deductions used in  
19 computing such net income or loss shall not include taxes based on  
20 or measured by income. Provided, for corporations whose property  
21 for purposes of the tax imposed by Section 2355 of this title has an  
22 initial investment cost equaling or exceeding Two Hundred Million  
23 Dollars (\$200,000,000.00) and such investment is made on or after  
24 July 1, 1997, or for corporations which expand their property or

1 facilities in this state and such expansion has an investment cost  
2 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)  
3 over a period not to exceed three (3) years, and such expansion is  
4 commenced on or after January 1, 2000, the three factors shall be  
5 apportioned with property and payroll, each comprising twenty-five  
6 percent (25%) of the apportionment factor and sales comprising fifty  
7 percent (50%) of the apportionment factor. The apportionment  
8 factors shall be computed as follows:

9       a. The property factor is a fraction, the numerator of  
10       which is the average value of the taxpayer's real and  
11       tangible personal property owned or rented and used in  
12       this state during the tax period and the denominator  
13       of which is the average value of all the taxpayer's  
14       real and tangible personal property everywhere owned  
15       or rented and used during the tax period.

16       (1) Property, the income from which is separately  
17       allocated in paragraph 4 of this subsection,  
18       shall not be included in determining this  
19       fraction. The numerator of the fraction shall  
20       include a portion of the investment in  
21       transportation and other equipment having no  
22       fixed situs, such as rolling stock, buses, trucks  
23       and trailers, including machinery and equipment  
24       carried thereon, airplanes, salespersons'

1 automobiles and other similar equipment, in the  
2 proportion that miles traveled in ~~Oklahoma~~ this  
3 state by such equipment bears to total miles  
4 traveled,

5 (2) Property owned by the taxpayer is valued at its  
6 original cost. Property rented by the taxpayer  
7 is valued at eight times the net annual rental  
8 rate. Net annual rental rate is the annual  
9 rental rate paid by the taxpayer, less any annual  
10 rental rate received by the taxpayer from  
11 subrentals,

12 (3) The average value of property shall be determined  
13 by averaging the values at the beginning and  
14 ending of the tax period but the Oklahoma Tax  
15 Commission may require the averaging of monthly  
16 values during the tax period if reasonably  
17 required to reflect properly the average value of  
18 the taxpayer's property;

19 b. The payroll factor is a fraction, the numerator of  
20 which is the total compensation for services rendered  
21 in the state during the tax period, and the  
22 denominator of which is the total compensation for  
23 services rendered everywhere during the tax period.

24 "Compensation", as used in this ~~subsection~~ paragraph,

1 means those paid-for services to the extent related to  
2 the unitary business but does not include officers'  
3 salaries, wages and other compensation.

4 (1) In the case of a transportation enterprise, the  
5 numerator of the fraction shall include a portion  
6 of such expenditure in connection with employees  
7 operating equipment over a fixed route, such as  
8 railroad employees, airline pilots, or bus  
9 drivers, in this state only a part of the time,  
10 in the proportion that mileage traveled in  
11 ~~Oklahoma~~ this state bears to total mileage  
12 traveled by such employees,

13 (2) In any case the numerator of the fraction shall  
14 include a portion of such expenditures in  
15 connection with itinerant employees, such as  
16 traveling salespersons, in this state only a part  
17 of the time, in the proportion that time spent in  
18 ~~Oklahoma~~ this state bears to total time spent in  
19 furtherance of the enterprise by such employees;

20 c. The sales factor is a fraction, the numerator of which  
21 is the total sales or gross revenue of the taxpayer in  
22 this state during the tax period, and the denominator  
23 of which is the total sales or gross revenue of the  
24 taxpayer everywhere during the tax period. "Sales",  
25

1 as used in this subsection, does not include sales or  
2 gross revenue which are separately allocated in  
3 paragraph 4 of this subsection.

4 (1) Sales of tangible personal property have a situs  
5 in this state if the property is delivered or  
6 shipped to a purchaser other than the United  
7 States government, within this state regardless  
8 of the ~~FOB~~ Freight on Board (FOB) point or other  
9 conditions of the sale; or the property is  
10 shipped from an office, store, warehouse, factory  
11 or other place of storage in this state and (a)  
12 the purchaser is the United States government or  
13 (b) the taxpayer is not doing business in the  
14 state of the destination of the shipment.

15 (2) In the case of a railroad or interurban railway  
16 enterprise, the numerator of the fraction shall  
17 not be less than the allocation of revenues to  
18 this state as shown in its annual report to the  
19 Corporation Commission.

20 (3) In the case of an airline, truck or bus  
21 enterprise or freight car, tank car, refrigerator  
22 car or other railroad equipment enterprise, the  
23 numerator of the fraction shall include a portion  
24 of revenue from interstate transportation in the  
25

1 proportion that interstate mileage traveled in  
2 ~~Oklahoma~~ this state bears to total interstate  
3 mileage traveled.

4 (4) In the case of an oil, gasoline or gas pipeline  
5 enterprise, the numerator of the fraction shall  
6 be either the total of traffic units of the  
7 enterprise within ~~Oklahoma~~ this state or the  
8 revenue allocated to ~~Oklahoma~~ this state based  
9 upon miles moved, at the option of the taxpayer,  
10 and the denominator of which shall be the total  
11 of traffic units of the enterprise or the revenue  
12 of the enterprise everywhere as appropriate to  
13 the numerator. A "traffic unit" is hereby  
14 defined as the transportation for a distance of  
15 one (1) mile of one (1) barrel of oil, one (1)  
16 gallon of gasoline or one thousand (1,000) cubic  
17 feet of natural or casinghead gas, as the case  
18 may be.

19 (5) In the case of a telephone or telegraph or other  
20 communication enterprise, the numerator of the  
21 fraction shall include that portion of the  
22 interstate revenue as is allocated pursuant to  
23 the accounting procedures prescribed by the  
24 Federal Communications Commission; provided that



1 in respect to each corporation or business entity  
2 required by the Federal Communications Commission  
3 to keep its books and records in accordance with  
4 a uniform system of accounts prescribed by such  
5 Commission, the intrastate net income shall be  
6 determined separately in the manner provided by  
7 such uniform system of accounts and only the  
8 interstate income shall be subject to allocation  
9 pursuant to the provisions of this subsection.  
10 Provided further, that the gross revenue factors  
11 shall be those as are determined pursuant to the  
12 accounting procedures prescribed by the Federal  
13 Communications Commission.

14 In any case where the apportionment of the three factors  
15 prescribed in this paragraph attributes to ~~Oklahoma~~ this state a  
16 portion of net income of the enterprise out of all appropriate  
17 proportion to the property owned and/or business transacted within  
18 this state, because of the fact that one or more of the factors so  
19 prescribed are not employed to any appreciable extent in furtherance  
20 of the enterprise; or because one or more factors not so prescribed  
21 are employed to a considerable extent in furtherance of the  
22 enterprise; or because of other reasons, the Tax Commission is  
23 empowered to permit, after a showing by taxpayer that an excessive  
24 portion of net income has been attributed to ~~Oklahoma~~ this state, or

1 require, when in its judgment an insufficient portion of net income  
2 has been attributed to ~~Oklahoma~~ this state, the elimination,  
3 substitution, or use of additional factors, or reduction or increase  
4 in the weight of such prescribed factors. Provided, however, that  
5 any such variance from such prescribed factors which has the effect  
6 of increasing the portion of net income attributable to ~~Oklahoma~~  
7 this state must not be inherently arbitrary, and application of the  
8 recomputed final apportionment to the net income of the enterprise  
9 must attribute to ~~Oklahoma~~ this state only a reasonable portion  
10 thereof.

11 6. For calendar years 1997 and 1998, the owner of a new or  
12 expanded agricultural commodity processing facility in this state  
13 may exclude from Oklahoma taxable income, or in the case of an  
14 individual, the Oklahoma adjusted gross income, fifteen percent  
15 (15%) of the investment by the owner in the new or expanded  
16 agricultural commodity processing facility. For calendar year 1999,  
17 and all subsequent years, the percentage, not to exceed fifteen  
18 percent (15%), available to the owner of a new or expanded  
19 agricultural commodity processing facility in this state claiming  
20 the exemption shall be adjusted annually so that the total estimated  
21 reduction in tax liability does not exceed One Million Dollars  
22 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules  
23 for determining the percentage of the investment which each eligible  
24 taxpayer may exclude. The exclusion provided by this paragraph

1 shall be taken in the taxable year when the investment is made. In  
2 the event the total reduction in tax liability authorized by this  
3 paragraph exceeds One Million Dollars (\$1,000,000.00) in any  
4 calendar year, the Tax Commission shall permit any excess over One  
5 Million Dollars (\$1,000,000.00) and shall factor such excess into  
6 the percentage for subsequent years. Any amount of the exemption  
7 permitted to be excluded pursuant to the provisions of this  
8 paragraph but not used in any year may be carried forward as an  
9 exemption from income pursuant to the provisions of this paragraph  
10 for a period not exceeding six (6) years following the year in which  
11 the investment was originally made.

12 For purposes of this paragraph:

- 13 a. "Agricultural commodity processing facility" means  
14 ~~building~~ buildings, structures, fixtures and  
15 improvements used or operated primarily for the  
16 processing or production of marketable products from  
17 agricultural commodities. The term shall also mean a  
18 dairy operation that requires a depreciable investment  
19 of at least Two Hundred Fifty Thousand Dollars  
20 (\$250,000.00) and which produces milk from dairy cows.  
21 The term does not include a facility that provides  
22 only, and nothing more than, storage, cleaning, drying  
23 or transportation of agricultural commodities, and  
24

1           b. "Facility" means each part of the facility which is  
2           used in a process primarily for:

- 3           (1) the processing of agricultural commodities,  
4                 including receiving or storing agricultural  
5                 commodities, or the production of milk at a dairy  
6                 operation,  
7           (2) transporting the agricultural commodities or  
8                 product before, during or after the processing,  
9                 or  
10          (3) packaging or otherwise preparing the product for  
11                 sale or shipment.

12          7. Despite any provision to the contrary in paragraph 3 of this  
13          subsection, for taxable years beginning after December 31, 1999, in  
14          the case of a taxpayer which has a farming loss, such farming loss  
15          shall be considered a net operating loss carryback in accordance  
16          with and to the extent of the Internal Revenue Code of 1986, as  
17          amended, 26 U.S.C., Section ~~172(b)(G)~~ 172(b)(1)(B). However, the  
18          amount of the net operating loss carryback shall not exceed the  
19          lesser of:

- 20           a. Sixty Thousand Dollars (\$60,000.00), or  
21           b. the loss properly shown on Schedule F of the Internal  
22                 Revenue Service Form 1040 reduced by one-half (1/2) of  
23                 the income from all other sources other than reflected  
24                 on Schedule F.

1       8. In taxable years beginning after December 31, 1995, all  
2 qualified wages equal to the federal income tax credit set forth in  
3 26 U.S.C.A., Section 45A, shall be deducted from taxable income.  
4 The deduction allowed pursuant to this paragraph shall only be  
5 permitted for the tax years in which the federal tax credit pursuant  
6 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this  
7 paragraph, "qualified wages" means those wages used to calculate the  
8 federal credit pursuant to 26 U.S.C.A., Section 45A.

9       9. In taxable years beginning after December 31, 2005, an  
10 employer that is eligible for and utilizes the Safety Pays OSHA  
11 Consultation Service provided by the ~~Oklahoma~~ Department of Labor  
12 shall receive an exemption from taxable income in the amount of One  
13 Thousand Dollars (\$1,000.00) for the tax year that the service is  
14 utilized.

15       10. For taxable years beginning on or after January 1, 2010,  
16 there shall be added to Oklahoma taxable income an amount equal to  
17 the amount of deferred income not included in such taxable income  
18 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986  
19 as amended by Section 1231 of the American Recovery and Reinvestment  
20 Act of 2009 (P.L. No. 111-5). There shall be subtracted from  
21 Oklahoma taxable income an amount equal to the amount of deferred  
22 income included in such taxable income pursuant to Section 108(i)(1)  
23 of the Internal Revenue Code of 1986 as amended by Section 1231 of  
24 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

1        11. For taxable years beginning on or after January 1, 2019,  
2 there shall be subtracted from Oklahoma taxable income or adjusted  
3 gross income any item of income or gain, and there shall be added to  
4 Oklahoma taxable income or adjusted gross income any item of loss or  
5 deduction that in the absence of an election pursuant to the  
6 provisions of the Pass-Through Entity Tax Equity Act of 2019 would  
7 be allocated to a member or to an indirect member of an electing  
8 pass-through entity pursuant to Section 2351 et seq. of this title,  
9 if (i) the electing pass-through entity has accounted for such item  
10 in computing its Oklahoma net entity income or loss pursuant to the  
11 provisions of the Pass-Through Entity Tax Equity Act of 2019, and  
12 (ii) the total amount of tax attributable to any resulting Oklahoma  
13 net entity income has been paid. The Oklahoma Tax Commission shall  
14 promulgate rules for the reporting of such exclusion to direct and  
15 indirect members of the electing pass-through entity. As used in  
16 this paragraph, "electing pass-through entity", "indirect member",  
17 and "member" shall be defined in the same manner as prescribed by  
18 Section 2355.1P-2 of this title. Notwithstanding the application of  
19 this paragraph, the adjusted tax basis of any ownership interest in  
20 a pass-through entity for purposes of Section 2351 et seq. of this  
21 title shall be equal to its adjusted tax basis for federal income  
22 tax purposes.

23        B. 1. The taxable income of any corporation shall be further  
24 adjusted to arrive at Oklahoma taxable income, except those

1 corporations electing treatment as provided in subchapter S of the  
2 Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1361  
3 et seq., and Section 2365 of this title, deductions pursuant to the  
4 provisions of the Modified Accelerated Cost Recovery System as  
5 ~~defined~~ provided and allowed in the Economic Recovery Tax Act of  
6 1981, Public Law 97-34, 26 U.S.C., Section 168, for depreciation of  
7 assets placed into service after December 31, 1981, shall not be  
8 allowed in calculating Oklahoma taxable income. Such corporations  
9 shall be allowed a deduction for depreciation of assets placed into  
10 service after December 31, 1981, in accordance with provisions of  
11 the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1  
12 et seq., in effect immediately prior to the enactment of the  
13 Modified Accelerated Cost Recovery System. The Oklahoma tax basis  
14 for all such assets placed into service after December 31, 1981,  
15 calculated in this section shall be retained and utilized for all  
16 Oklahoma income tax purposes through the final disposition of such  
17 assets.

18 Notwithstanding any other provisions of the Oklahoma Income Tax  
19 Act, Section 2351 et seq. of this title, or of the Internal Revenue  
20 Code of 1986, as amended, to the contrary, this subsection shall  
21 control calculation of depreciation of assets placed into service  
22 after December 31, 1981, and before January 1, 1983.

23 For assets placed in service and held by a corporation in which  
24 ~~accelerated cost recovery system~~ the Modified Accelerated Cost

1 Recovery System was previously disallowed, an adjustment to taxable  
2 income is required in the first taxable year beginning after  
3 December 31, 1982, to reconcile the basis of such assets to the  
4 basis allowed in the Internal Revenue Code of 1986, as amended. The  
5 purpose of this adjustment is to equalize the basis and allowance  
6 for depreciation accounts between that reported to the Internal  
7 Revenue Service and that reported to ~~Oklahoma~~ this state.

8 2. For tax years beginning on or after January 1, 2009, and  
9 ending on or before December 31, 2009, there shall be added to  
10 Oklahoma taxable income any amount in excess of One Hundred Seventy-  
11 five Thousand Dollars (\$175,000.00) which has been deducted as a  
12 small business expense under Internal Revenue Code of 1986, as  
13 amended, 26 U.S.C., Section 179, as provided in the American  
14 Recovery and Reinvestment Act of 2009.

15 C. 1. For taxable years beginning after December 31, 1987, the  
16 taxable income of any corporation shall be further adjusted to  
17 arrive at Oklahoma taxable income for transfers of technology to  
18 qualified small businesses located in ~~Oklahoma~~ this state. Such  
19 transferor corporation shall be allowed an exemption from taxable  
20 income of an amount equal to the amount of royalty payment received  
21 as a result of such transfer; provided, however, such amount shall  
22 not exceed ten percent (10%) of the amount of gross proceeds  
23 received by such transferor corporation as a result of the  
24 technology transfer. Such exemption shall be allowed for a period



1 not to exceed ten (10) years from the date of receipt of the first  
2 royalty payment accruing from such transfer. No exemption may be  
3 claimed for transfers of technology to qualified small businesses  
4 made prior to January 1, 1988.

5 2. For purposes of this subsection:

6 a. "Qualified small business" means an entity, whether  
7 organized as a corporation, partnership, or  
8 proprietorship, organized for profit with its  
9 principal place of business located within this state  
10 and which meets the following criteria:

- 11 (1) Capitalization of not more than Two Hundred Fifty  
12 Thousand Dollars (\$250,000.00),  
13 (2) Having at least fifty percent (50%) of its  
14 employees and assets located in ~~Oklahoma~~ this  
15 state at the time of the transfer, and  
16 (3) Not a subsidiary or affiliate of the transferor  
17 corporation;

18 b. "Technology" means a proprietary process, formula,  
19 pattern, device or compilation of scientific or  
20 technical information which is not in the public  
21 domain;

22 c. "Transferor corporation" means a corporation which is  
23 the exclusive and undisputed owner of the technology  
24 at the time the transfer is made; and  
25

1           d. "Gross proceeds" means the total amount of  
2           consideration for the transfer of technology, whether  
3           the consideration is in money or otherwise.

4           D. 1. For taxable years beginning after December 31, 2005, the  
5           taxable income of any corporation, estate or trust, shall be further  
6           adjusted for qualifying gains receiving capital treatment. Such  
7           corporations, estates or trusts shall be allowed a deduction from  
8           Oklahoma taxable income for the amount of qualifying gains receiving  
9           capital treatment earned by the corporation, estate or trust during  
10          the taxable year and included in the federal taxable income of such  
11          corporation, estate or trust.

12          2. As used in this subsection:

13           a. "qualifying gains receiving capital treatment" means  
14           the amount of net capital gains, as defined in Section  
15           1222(11) of the Internal Revenue Code of 1986, as  
16           amended, included in the federal income tax return of  
17           the corporation, estate or trust that result from:

18           (1) the sale of real property or tangible personal  
19           property located within ~~Oklahoma~~ this state that  
20           has been directly or indirectly owned by the  
21           corporation, estate or trust for a holding period  
22           of at least five (5) years prior to the date of  
23           the transaction from which such net capital gains  
24           arise,

1 (2) the sale of stock or on the sale of an ownership  
2 interest in an Oklahoma company, limited  
3 liability company, or partnership where such  
4 stock or ownership interest has been directly or  
5 indirectly owned by the corporation, estate or  
6 trust for a holding period of at least three (3)  
7 years prior to the date of the transaction from  
8 which the net capital gains arise, ~~or~~

9 (3) the sale of real property, tangible personal  
10 property or intangible personal property located  
11 within ~~Oklahoma~~ this state as part of the sale of  
12 all or substantially all of the assets of an  
13 Oklahoma company, limited liability company, or  
14 partnership where such property has been directly  
15 or indirectly owned by such entity owned by the  
16 owners of such entity, and used in or derived  
17 from such entity for a period of at least three  
18 (3) years prior to the date of the transaction  
19 from which the net capital gains arise, or

20 (4) for tax year 2027 and subsequent tax years, the  
21 sale or exchange of gold and silver,

22 b. "holding period" means an uninterrupted period of  
23 time. The holding period shall include any additional  
24 period when the property was held by another  
25

1 individual or entity, if such additional period is  
2 included in the taxpayer's holding period for the  
3 asset pursuant to the Internal Revenue Code of 1986,  
4 as amended,

5 c. "Oklahoma company", "limited liability company", or  
6 "partnership" means an entity whose primary  
7 headquarters have been located in ~~Oklahoma~~ this state  
8 for at least three (3) uninterrupted years prior to  
9 the date of the transaction from which the net capital  
10 gains arise,

11 d. "direct" means the taxpayer directly owns the asset,  
12 and

13 e. "indirect" means the taxpayer owns an interest in a  
14 pass-through entity (or chain of pass-through  
15 entities) that sells the asset that gives rise to the  
16 qualifying gains receiving capital treatment.

17 (1) With respect to sales of real property or  
18 tangible personal property located within  
19 ~~Oklahoma~~ this state, the deduction described in  
20 this subsection shall not apply unless the pass-  
21 through entity that makes the sale has held the  
22 property for not less than five (5) uninterrupted  
23 years prior to the date of the transaction that  
24 created the capital gain, and each pass-through

1           entity included in the chain of ownership has  
2           been a member, partner, or shareholder of the  
3           pass-through entity in the tier immediately below  
4           it for an uninterrupted period ~~of~~ not less than  
5           five (5) years.

6           (2) With respect to sales of stock or ownership  
7           interest in or sales of all or substantially all  
8           of the assets of an Oklahoma company, limited  
9           liability company, or partnership, the deduction  
10          described in this subsection shall not apply  
11          unless the pass-through entity that makes the  
12          sale has held the stock or ownership interest or  
13          the assets for not less than three (3)  
14          uninterrupted years prior to the date of the  
15          transaction that created the capital gain, and  
16          each pass-through entity included in the chain of  
17          ownership has been a member, partner or  
18          shareholder of the pass-through entity in the  
19          tier immediately below it for an uninterrupted  
20          period ~~of~~ not less than three (3) years.

21          E. The Oklahoma adjusted gross income of any individual  
22          taxpayer shall be further adjusted as follows to arrive at Oklahoma  
23          taxable income:

1. a. In the case of individuals, there shall be added or deducted, as the case may be, the difference necessary to allow personal exemptions of One Thousand Dollars (\$1,000.00) in lieu of the personal exemptions allowed by the Internal Revenue Code of 1986, as amended.
- b. There shall be allowed an additional exemption of One Thousand Dollars (\$1,000.00) for each taxpayer or spouse who is blind at the close of the tax year. For purposes of this subparagraph, an individual is blind only if the central visual acuity of the individual does not exceed 20/200 in the better eye with correcting lenses, or if the visual acuity of the individual is greater than 20/200, but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty (20) degrees.
- c. There shall be allowed an additional exemption of One Thousand Dollars (\$1,000.00) for each taxpayer or spouse who is sixty-five (65) years of age or older at the close of the tax year based upon the filing status and federal adjusted gross income of the taxpayer. Taxpayers with the following filing status may claim this exemption if the federal adjusted gross income does not exceed:

- (1) Twenty-five Thousand Dollars (\$25,000.00) if married and filing jointly,
- (2) Twelve Thousand Five Hundred Dollars (\$12,500.00) if married and filing separately,
- (3) Fifteen Thousand Dollars (\$15,000.00) if single, and
- (4) Nineteen Thousand Dollars (\$19,000.00) if a qualifying head of household.

Provided, for taxable years beginning after December 31, 1999, amounts included in the calculation of federal adjusted gross income pursuant to the conversion of a traditional individual retirement account to a Roth individual retirement account shall be excluded from federal adjusted gross income for purposes of the income thresholds provided in this subparagraph.

2. a. For taxable years beginning on or before December 31, 2005, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code of 1986, as amended, in an amount equal to the larger of fifteen percent (15%) of the Oklahoma

1 adjusted gross income or One Thousand Dollars  
2 (\$1,000.00), but not to exceed Two Thousand Dollars  
3 (\$2,000.00), except that in the case of a married  
4 individual filing a separate return such deduction  
5 shall be the larger of fifteen percent (15%) of such  
6 Oklahoma adjusted gross income or Five Hundred Dollars  
7 (\$500.00), but not to exceed the maximum amount of One  
8 Thousand Dollars (\$1,000.00).

9 b. For taxable years beginning on or after January 1,  
10 2006, and before January 1, 2007, in the case of  
11 individuals who use the standard deduction in  
12 determining taxable income, there shall be added or  
13 deducted, as the case may be, the difference necessary  
14 to allow a standard deduction in lieu of the standard  
15 deduction allowed by the Internal Revenue Code of  
16 1986, as amended, in an amount equal to:

17 (1) Three Thousand Dollars (\$3,000.00), if the filing  
18 status is married filing joint, head of household  
19 or qualifying widow, or

20 (2) Two Thousand Dollars (\$2,000.00), if the filing  
21 status is single or married filing separate.

22 c. For the taxable year beginning on January 1, 2007, and  
23 ending December 31, 2007, in the case of individuals  
24 who use the standard deduction in determining taxable  
25



1 income, there shall be added or deducted, as the case  
2 may be, the difference necessary to allow a standard  
3 deduction in lieu of the standard deduction allowed by  
4 the Internal Revenue Code of 1986, as amended, in an  
5 amount equal to:

6 (1) Five Thousand Five Hundred Dollars (\$5,500.00),  
7 if the filing status is married filing joint or  
8 qualifying widow, or

9 (2) Four Thousand One Hundred Twenty-five Dollars  
10 (\$4,125.00) for a head of household, or

11 (3) Two Thousand Seven Hundred Fifty Dollars  
12 (\$2,750.00), if the filing status is single or  
13 married filing separate.

14 d. For the taxable year beginning on January 1, 2008, and  
15 ending December 31, 2008, in the case of individuals  
16 who use the standard deduction in determining taxable  
17 income, there shall be added or deducted, as the case  
18 may be, the difference necessary to allow a standard  
19 deduction in lieu of the standard deduction allowed by  
20 the Internal Revenue Code of 1986, as amended, in an  
21 amount equal to:

22 (1) Six Thousand Five Hundred Dollars (\$6,500.00), if  
23 the filing status is married filing joint or  
24 qualifying widow,  
25

- 1 (2) Four Thousand Eight Hundred Seventy-five Dollars  
2 (\$4,875.00) for a head of household, or  
3 (3) Three Thousand Two Hundred Fifty Dollars  
4 (\$3,250.00), if the filing status is single or  
5 married filing separate.

6 e. For the taxable year beginning on January 1, 2009, and  
7 ending December 31, 2009, in the case of individuals  
8 who use the standard deduction in determining taxable  
9 income, there shall be added or deducted, as the case  
10 may be, the difference necessary to allow a standard  
11 deduction in lieu of the standard deduction allowed by  
12 the Internal Revenue Code of 1986, as amended, in an  
13 amount equal to:

- 14 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),  
15 if the filing status is married filing joint or  
16 qualifying widow,  
17 (2) Six Thousand Three Hundred Seventy-five Dollars  
18 (\$6,375.00) for a head of household, or  
19 (3) Four Thousand Two Hundred Fifty Dollars  
20 (\$4,250.00), if the filing status is single or  
21 married filing separate.

22 Oklahoma adjusted gross income shall be increased by  
23 any amounts paid for motor vehicle excise taxes which  
24

1           were deducted as allowed by the Internal Revenue Code  
2           of 1986, as amended.

3           f.   For taxable years beginning on or after January 1,  
4           2010, and ending on December 31, 2016, in the case of  
5           individuals who use the standard deduction in  
6           determining taxable income, there shall be added or  
7           deducted, as the case may be, the difference necessary  
8           to allow a standard deduction equal to the standard  
9           deduction allowed by the Internal Revenue Code of  
10          1986, as amended, based upon the amount and filing  
11          status prescribed by such Code for purposes of filing  
12          federal individual income tax returns.

13          g.   For taxable years beginning on or after January 1,  
14          2017, in the case of individuals who use the standard  
15          deduction in determining taxable income, there shall  
16          be added or deducted, as the case may be, the  
17          difference necessary to allow a standard deduction in  
18          lieu of the standard deduction allowed by the Internal  
19          Revenue Code of 1986, as amended, as follows:

20               (1)   Six Thousand Three Hundred Fifty Dollars  
21                       (\$6,350.00) for single or married filing  
22                       separately,

(2) Twelve Thousand Seven Hundred Dollars  
(\$12,700.00) for married filing jointly or  
qualifying widower with dependent child, and  
(3) Nine Thousand Three Hundred Fifty Dollars  
(\$9,350.00) for head of household.

3. a. In the case of resident and part-year resident individuals having adjusted gross income from sources both within and without the state, the itemized or standard deductions and personal exemptions shall be reduced to an amount which is the same portion of the total thereof as Oklahoma adjusted gross income is of adjusted gross income. To the extent itemized deductions include allowable moving expense, proration of moving expense shall not be required or permitted but allowable moving expense shall be fully deductible for those taxpayers moving within or into ~~Oklahoma~~ this state and no part of moving expense shall be deductible for those taxpayers moving without or out of ~~Oklahoma~~ this state. All other itemized or standard deductions and personal exemptions shall be subject to proration as provided by law.
- b. For taxable years beginning on or after January 1, 2018, the net amount of itemized deductions allowable on an Oklahoma income tax return, subject to the

1 provisions of paragraph ~~24~~ 23 of this subsection,  
2 shall not exceed Seventeen Thousand Dollars  
3 (\$17,000.00). For purposes of this subparagraph,  
4 charitable contributions and medical expenses  
5 deductible for federal income tax purposes shall be  
6 excluded from the amount of Seventeen Thousand Dollars  
7 (\$17,000.00) as specified by this subparagraph.

8 4. A resident individual with a physical disability  
9 constituting a substantial handicap to employment may deduct from  
10 Oklahoma adjusted gross income such expenditures to modify a motor  
11 vehicle, home or workplace as are necessary to compensate for his or  
12 her ~~handicap~~ disability. A veteran certified by the United States  
13 Department of Veterans Affairs ~~of the federal government~~ as having a  
14 service-connected disability shall be conclusively presumed to be an  
15 individual with a physical disability constituting a substantial  
16 handicap to employment. The Tax Commission shall promulgate rules  
17 containing a list of combinations of common disabilities and  
18 modifications which may be presumed to qualify for this deduction.  
19 The Tax Commission shall prescribe necessary requirements for  
20 verification.

21 5. a. Before July 1, 2010, the first One Thousand Five  
22 Hundred Dollars (\$1,500.00) received by any person  
23 from the United States as salary or compensation in  
24 any form, other than retirement benefits, as a member  
25

1 of any component of the Armed Forces of the United  
2 States shall be deducted from taxable income.

3 b. On or after July 1, 2010, one hundred percent (100%)  
4 of the income received by any person from the United  
5 States as salary or compensation in any form, other  
6 than retirement benefits, as a member of any component  
7 of the Armed Forces of the United States shall be  
8 deducted from taxable income.

9 c. Whenever the filing of a timely income tax return by a  
10 member of the Armed Forces of the United States is  
11 made impracticable or impossible of accomplishment by  
12 reason of:

13 (1) absence from the United States, which term  
14 includes only the states and the District of  
15 Columbia,

16 (2) absence from ~~the State of Oklahoma~~ this state  
17 while on active duty, or

18 (3) confinement in a hospital within the United  
19 States for treatment of wounds, injuries or  
20 disease,

21 the time for filing a return and paying an income tax  
22 shall be and is hereby extended without incurring  
23 liability for interest or penalties, to the fifteenth  
24 day of the third month following the month in which:

1 (a) Such individual shall return to the United  
2 States if the extension is granted pursuant  
3 to ~~subparagraph a~~ division 1 of this  
4 ~~paragraph~~ subparagraph, return to ~~the State~~  
5 ~~of Oklahoma~~ this state if the extension is  
6 granted pursuant to ~~subparagraph b~~ division  
7 2 of this ~~paragraph~~ subparagraph or be  
8 discharged from such hospital if the  
9 extension is granted pursuant to  
10 ~~subparagraph c~~ division 3 of this ~~paragraph~~  
11 subparagraph, or

12 (b) An executor, administrator, or conservator  
13 of the estate of the taxpayer is appointed,  
14 whichever event occurs the earliest.

15 Provided, that the Tax Commission may, in its discretion, grant  
16 any member of the Armed Forces of the United States an extension of  
17 time for filing of income tax returns and payment of income tax  
18 without incurring liabilities for interest or penalties. Such  
19 extension may be granted only when in the judgment of the Tax  
20 Commission a good cause exists therefor and may be for a period in  
21 excess of six (6) months. A record of every such extension granted,  
22 and the reason therefor, shall be kept.

23 6. Before July 1, 2010, the salary or any other form of  
24 compensation, received from the United States by a member of any

1 component of the Armed Forces of the United States, shall be  
2 deducted from taxable income during the time in which the person is  
3 detained by the enemy in a conflict, is a prisoner of war or is  
4 missing in action and not deceased; provided, after July 1, 2010,  
5 all such salary or compensation shall be subject to the deduction as  
6 provided pursuant to paragraph 5 of this subsection.

7       7.   a.   An individual taxpayer, whether resident or  
8               nonresident, may deduct an amount equal to the federal  
9               income taxes paid by the taxpayer during the taxable  
10              year.

11           b.   Federal taxes as described in subparagraph a of this  
12               paragraph shall be deductible by any individual  
13               taxpayer, whether resident or nonresident, only to the  
14               extent they relate to income subject to taxation  
15               pursuant to the provisions of the Oklahoma Income Tax  
16               Act. The maximum amount allowable in ~~the preceding~~  
17               paragraph 5 of this subsection shall be prorated on  
18               the ratio of the Oklahoma adjusted gross income to  
19               federal adjusted gross income.

20           c.   For the purpose of this paragraph, "federal income  
21               taxes paid" shall mean federal income taxes, surtaxes  
22               imposed on incomes or excess profits taxes, as though  
23               the taxpayer was on the accrual basis. In determining  
24               the amount of deduction for federal income taxes for  
25



1 tax year 2001, the amount of the deduction shall not  
2 be adjusted by the amount of any accelerated ten  
3 percent (10%) tax rate bracket credit or advanced  
4 refund of the credit received during the tax year  
5 provided pursuant to the federal Economic Growth and  
6 Tax Relief Reconciliation Act of 2001, P.L. No. 107-  
7 16, and the advanced refund of such credit shall not  
8 be subject to taxation.

9 d. The provisions of this paragraph shall apply to all  
10 taxable years ending after December 31, 1978, and  
11 beginning before January 1, 2006.

12 8. Retirement benefits not to exceed Five Thousand Five Hundred  
13 Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
14 Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand  
15 Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax  
16 years, which are received by an individual from the civil service of  
17 the United States, the Oklahoma Public Employees Retirement System,  
18 the Teachers' Retirement System of Oklahoma, the Oklahoma Law  
19 Enforcement Retirement System, the Oklahoma Firefighters Pension and  
20 Retirement System, the Oklahoma Police Pension and Retirement  
21 System, the employee retirement systems created by counties pursuant  
22 to Section 951 et seq. of Title 19 of the Oklahoma Statutes, ~~the~~ The  
23 Uniform Retirement System for Justices and Judges, the Oklahoma  
24 Wildlife Conservation Department Retirement Fund, the Oklahoma

1 Employment Security Commission Retirement Plan, or the employee  
2 retirement systems created by municipalities pursuant to Section 48-  
3 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt  
4 from taxable income.

5 9. In taxable years beginning after December 31, 1984, Social  
6 Security benefits received by an individual shall be exempt from  
7 taxable income, to the extent such benefits are included in the  
8 federal adjusted gross income pursuant to the provisions of Section  
9 86 of the Internal Revenue Code of 1986, as amended, 26 U.S.C.,  
10 Section 86.

11 10. For taxable years beginning after December 31, 1994, lump-  
12 sum distributions from employer plans of deferred compensation,  
13 which are not qualified plans within the meaning of Section 401(a)  
14 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
15 401(a), and which are deposited in and accounted for within a  
16 separate bank account or brokerage account in a financial  
17 institution within this state, shall be excluded from taxable income  
18 in the same manner as a qualifying rollover contribution to an  
19 individual retirement account within the meaning of Section 408 of  
20 the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
21 408. Amounts withdrawn from such bank or brokerage account,  
22 including any earnings thereon, shall be included in taxable income  
23 when withdrawn in the same manner as withdrawals from individual  
24

1 retirement accounts within the meaning of Section 408 of the  
2 Internal Revenue Code of 1986, as amended.

3 11. In taxable years beginning after December 31, 1995,  
4 contributions made to and interest received from a medical savings  
5 account established pursuant to Sections 2621 through 2623 of Title  
6 63 of the Oklahoma Statutes shall be exempt from taxable income.

7 12. For taxable years beginning after December 31, 1996, the  
8 Oklahoma adjusted gross income of any individual taxpayer who is a  
9 swine or poultry producer may be further adjusted for the deduction  
10 for depreciation allowed for new construction or expansion costs  
11 which may be computed using the same depreciation method elected for  
12 federal income tax purposes except that the useful life shall be  
13 seven (7) years for purposes of this paragraph. If depreciation is  
14 allowed as a deduction in determining the adjusted gross income of  
15 an individual, any depreciation calculated and claimed pursuant to  
16 this section shall in no event be a duplication of any depreciation  
17 allowed or permitted on the federal income tax return of the  
18 individual.

19 13. a. In taxable years beginning before January 1, 2005,  
20 retirement benefits not to exceed the amounts  
21 specified in this paragraph, which are received by an  
22 individual sixty-five (65) years of age or older and  
23 whose Oklahoma adjusted gross income is Twenty-five  
24 Thousand Dollars (\$25,000.00) or less if the filing  
25

1 status is single, head of household, or married filing  
2 separate, or Fifty Thousand Dollars (\$50,000.00) or  
3 less if the filing status is married filing joint or  
4 qualifying widow, shall be exempt from taxable income.  
5 In taxable years beginning after December 31, 2004,  
6 retirement benefits not to exceed the amounts  
7 specified in this paragraph, which are received by an  
8 individual whose Oklahoma adjusted gross income is  
9 less than the qualifying amount specified in this  
10 paragraph, shall be exempt from taxable income.

11 b. For purposes of this paragraph, the qualifying amount  
12 shall be as follows:

- 13 (1) in taxable years beginning after December 31,  
14 2004, and prior to January 1, 2007, the  
15 qualifying amount shall be Thirty-seven Thousand  
16 Five Hundred Dollars (\$37,500.00) or less if the  
17 filing status is single, head of household, or  
18 married filing separate, or Seventy-five Thousand  
19 Dollars (\$75,000.00) or less if the filing status  
20 is married filing jointly or qualifying widow,  
21 (2) in the taxable year beginning January 1, 2007,  
22 the qualifying amount shall be Fifty Thousand  
23 Dollars (\$50,000.00) or less if the filing status  
24 is single, head of household, or married filing

- 1                   separate, or One Hundred Thousand Dollars  
2                   (\$100,000.00) or less if the filing status is  
3                   married filing jointly or qualifying widow,  
4           (3)   in the taxable year beginning January 1, 2008,  
5                   the qualifying amount shall be Sixty-two Thousand  
6                   Five Hundred Dollars (\$62,500.00) or less if the  
7                   filing status is single, head of household, or  
8                   married filing separate, or One Hundred Twenty-  
9                   five Thousand Dollars (\$125,000.00) or less if  
10                  the filing status is married filing jointly or  
11                  qualifying widow,  
12           (4)   in the taxable year beginning January 1, 2009,  
13                  the qualifying amount shall be One Hundred  
14                  Thousand Dollars (\$100,000.00) or less if the  
15                  filing status is single, head of household, or  
16                  married filing separate, or Two Hundred Thousand  
17                  Dollars (\$200,000.00) or less if the filing  
18                  status is married filing jointly or qualifying  
19                  widow, and  
20           (5)   in the taxable year beginning January 1, 2010,  
21                  and subsequent taxable years, there shall be no  
22                  limitation upon the qualifying amount.  
23  
24  
25

1           c.   For purposes of this paragraph, "retirement benefits"  
2               means the total distributions or withdrawals from the  
3               following:

4               (1)   an employee pension benefit plan which satisfies  
5                    the requirements of Section 401 of the Internal  
6                    Revenue Code of 1986, as amended, 26 U.S.C.,  
7                    Section 401,

8               (2)   an eligible deferred compensation plan that  
9                    satisfies the requirements of Section 457 of the  
10                   Internal Revenue Code of 1986, as amended, 26  
11                   U.S.C., Section 457,

12              (3)   an individual retirement account, annuity or  
13                    trust or simplified employee pension that  
14                    satisfies the requirements of Section 408 of the  
15                    Internal Revenue Code of 1986, as amended, 26  
16                    U.S.C., Section 408,

17              (4)   an employee annuity subject to the provisions of  
18                    Section 403(a) or (b) of the Internal Revenue  
19                    Code of 1986, as amended, 26 U.S.C., Section  
20                    403(a) or (b),

21              (5)   United States Retirement Bonds which satisfy the  
22                    requirements of Section 86 of the Internal  
23                    Revenue Code of 1986, as amended, 26 U.S.C.,  
24                    Section 86, or

1 (6) lump-sum distributions from a retirement plan  
2 which satisfies the requirements of Section  
3 402(e) of the Internal Revenue Code of 1986, as  
4 amended, 26 U.S.C., Section 402(e).

5 d. The amount of the exemption provided by this paragraph  
6 shall be limited to Five Thousand Five Hundred Dollars  
7 (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
8 Hundred Dollars (\$7,500.00) for the 2005 tax year and  
9 Ten Thousand Dollars (\$10,000.00) for the tax year  
10 2006 and for all subsequent tax years. Any individual  
11 who claims the exemption provided for in paragraph 8  
12 of this subsection shall not be permitted to claim a  
13 combined total exemption pursuant to this paragraph  
14 and paragraph 8 of this subsection in an amount  
15 exceeding Five Thousand Five Hundred Dollars  
16 (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
17 Hundred Dollars (\$7,500.00) for the 2005 tax year and  
18 Ten Thousand Dollars (\$10,000.00) for the 2006 tax  
19 year and all subsequent tax years.

20 14. In taxable years beginning after December 31, 1999, for an  
21 individual engaged in production agriculture who has filed a  
22 Schedule F form with the taxpayer's federal income tax return for  
23 such taxable year, there shall be excluded from taxable income any  
24 amount which was included as federal taxable income or federal

1 adjusted gross income and which consists of the discharge of an  
2 obligation by a creditor of the taxpayer incurred to finance the  
3 production of agricultural products.

4 15. In taxable years beginning December 31, 2000, an amount  
5 equal to one hundred percent (100%) of the amount of any scholarship  
6 or stipend received from participation in the Oklahoma Police Corps  
7 Program, as established in Section 2-140.3 of Title 47 of the  
8 Oklahoma Statutes shall be exempt from taxable income.

9 16. a. In taxable years beginning after December 31, 2001,  
10 and before January 1, 2005, there shall be allowed a  
11 deduction in the amount of contributions to accounts  
12 established pursuant to the Oklahoma College Savings  
13 Plan Act. The deduction shall equal the amount of  
14 contributions to accounts, but in no event shall the  
15 deduction for each contributor exceed Two Thousand  
16 Five Hundred Dollars (\$2,500.00) each taxable year for  
17 each account.

18 b. In taxable years beginning after December 31, 2004,  
19 each taxpayer shall be allowed a deduction for  
20 contributions to accounts established pursuant to the  
21 Oklahoma College Savings Plan Act. The maximum annual  
22 deduction shall equal the amount of contributions to  
23 all such accounts plus any contributions to such  
24 accounts by the taxpayer for prior taxable years after



1 December 31, 2004, which were not deducted, but in no  
2 event shall the deduction for each tax year exceed Ten  
3 Thousand Dollars (\$10,000.00) for each individual  
4 taxpayer or Twenty Thousand Dollars (\$20,000.00) for  
5 taxpayers filing a joint return. Any amount of a  
6 contribution that is not deducted by the taxpayer in  
7 the year for which the contribution is made may be  
8 carried forward as a deduction from income for the  
9 succeeding five (5) years. For taxable years  
10 beginning after December 31, 2005, deductions may be  
11 taken for contributions and rollovers made during a  
12 taxable year and up to April 15 of the succeeding  
13 year, or the due date of a taxpayer's state income tax  
14 return, excluding extensions, whichever is later.  
15 Provided, a deduction for the same contribution may  
16 not be taken for two (2) different taxable years.

17 c. In taxable years beginning after December 31, 2006,  
18 deductions for contributions made pursuant to  
19 subparagraph b of this paragraph shall be limited as  
20 follows:

21 (1) for a taxpayer who qualified for the five-year  
22 carryforward election and who takes a rollover or  
23 nonqualified withdrawal during that period, the  
24 tax deduction otherwise available pursuant to  
25

1                   subparagraph b of this paragraph shall be reduced  
2                   by the amount which is equal to the rollover or  
3                   nonqualified withdrawal, and

4           (2)   for a taxpayer who elects to take a rollover or  
5               nonqualified withdrawal within the same tax year  
6               in which a contribution was made to the  
7               taxpayer's account, the tax deduction otherwise  
8               available pursuant to subparagraph b of this  
9               paragraph shall be reduced by the amount of the  
10              contribution which is equal to the rollover or  
11              nonqualified withdrawal.

12       d.   If a taxpayer elects to take a rollover on a  
13             contribution for which a deduction has been taken  
14             pursuant to subparagraph b of this paragraph within  
15             one (1) year of the date of contribution, the amount  
16             of such rollover shall be included in the adjusted  
17             gross income of the taxpayer in the taxable year of  
18             the rollover.

19       e.   If a taxpayer makes a nonqualified withdrawal of  
20             contributions for which a deduction was taken pursuant  
21             to subparagraph b of this paragraph, such nonqualified  
22             withdrawal and any earnings thereon shall be included  
23             in the adjusted gross income of the taxpayer in the  
24             taxable year of the nonqualified withdrawal.

1 f. As used in this paragraph:

2 (1) ~~"non-qualified"~~ "nonqualified withdrawal" means a  
3 withdrawal from an Oklahoma College Savings Plan  
4 account other than one of the following:

5 (a) a qualified withdrawal,

6 (b) a withdrawal made as a result of the death  
7 or disability of the designated beneficiary  
8 of an account,

9 (c) a withdrawal that is made on the account of  
10 a scholarship or the allowance or payment  
11 described in Section 135(d)(1)(B) or (C) or  
12 by the Internal Revenue Code of 1986, as  
13 amended, received by the designated  
14 beneficiary to the extent the amount of the  
15 refund does not exceed the amount of the  
16 scholarship, allowance, or payment, or

17 (d) a rollover or change of designated  
18 beneficiary as permitted by subsection F of  
19 Section 3970.7 of Title 70 of the Oklahoma  
20 Statutes, and

21 (2) "rollover" means the transfer of funds from the  
22 Oklahoma College Savings Plan to any other plan  
23 under Section 529 of the Internal Revenue Code of  
24 1986, as amended.

1        17. For tax years 2006 through 2021, retirement benefits  
2 received by an individual from any component of the Armed Forces of  
3 the United States in an amount not to exceed the greater of seventy-  
4 five percent (75%) of such benefits or Ten Thousand Dollars  
5 (\$10,000.00) shall be exempt from taxable income but in no case less  
6 than the amount of the exemption provided by paragraph 13 of this  
7 subsection. For tax year 2022 and subsequent tax years, retirement  
8 benefits received by an individual from any component of the Armed  
9 Forces of the United States shall be exempt from taxable income.

10        18. For taxable years beginning after December 31, 2006,  
11 retirement benefits received by federal civil service retirees,  
12 including survivor annuities, paid in lieu of Social Security  
13 benefits shall be exempt from taxable income to the extent such  
14 benefits are included in the federal adjusted gross income pursuant  
15 to the provisions of Section 86 of the Internal Revenue Code of  
16 1986, as amended, 26 U.S.C., Section 86, according to the following  
17 schedule:

- 18            a. in the taxable year beginning January 1, 2007, twenty  
19                percent (20%) of such benefits shall be exempt,
- 20            b. in the taxable year beginning January 1, 2008, forty  
21                percent (40%) of such benefits shall be exempt,
- 22            c. in the taxable year beginning January 1, 2009, sixty  
23                percent (60%) of such benefits shall be exempt,

- 1           d.    in the taxable year beginning January 1, 2010, eighty  
2               percent (80%) of such benefits shall be exempt, and  
3           e.    in the taxable year beginning January 1, 2011, and  
4               subsequent taxable years, one hundred percent (100%)  
5               of such benefits shall be exempt.

6       19.   a.   For taxable years beginning after December 31, 2007, a  
7               resident individual may deduct up to Ten Thousand  
8               Dollars (\$10,000.00) from Oklahoma adjusted gross  
9               income if the individual, or the dependent of the  
10              individual, while living, donates one or more human  
11              organs of the individual to another human being for  
12              human organ transplantation. As used in this  
13              paragraph, "human organ" means all or part of a liver,  
14              pancreas, kidney, intestine, lung, or bone marrow. A  
15              deduction that is claimed under this paragraph may be  
16              claimed in the taxable year in which the human organ  
17              transplantation occurs.

18           b.   An individual may claim this deduction only once, and  
19               the deduction may be claimed only for unreimbursed  
20               expenses that are incurred by the individual and  
21               related to the organ donation of the individual.

22           c.   The Oklahoma Tax Commission shall promulgate rules to  
23               implement the provisions of this paragraph which shall  
24               contain a specific list of expenses which may be

1           presumed to qualify for the deduction. The Tax  
2           Commission shall prescribe necessary requirements for  
3           verification.

4           20. For taxable years beginning after December 31, 2009, there  
5 shall be exempt from taxable income any amount received by the  
6 beneficiary of the death benefit for ~~an~~ any licensed emergency  
7 medical ~~technician~~ personnel or a ~~registered~~ certified emergency  
8 medical responder provided by Section 1-2505.1 of Title 63 of the  
9 Oklahoma Statutes.

10          21. For taxable years beginning after December 31, 2008,  
11 taxable income shall be increased by any unemployment compensation  
12 exempted under Section 85(c) of the Internal Revenue Code of 1986,  
13 as amended, 26 U.S.C., Section 85(c) ~~(2009)~~.

14          22. For taxable years beginning after December 31, 2008, there  
15 shall be exempt from taxable income any payment in an amount less  
16 than Six Hundred Dollars (\$600.00) received by a person as an award  
17 for participation in a competitive livestock show event. For  
18 purposes of this paragraph, the payment shall be treated as a  
19 scholarship amount paid by the entity sponsoring the event and the  
20 sponsoring entity shall cause the payment to be categorized as a  
21 scholarship in its books and records.

22          23. For taxable years beginning on or after January 1, 2016,  
23 taxable income shall be increased by any amount of state and local  
24 sales or income taxes deducted under 26 U.S.C., Section 164 of the

1 Internal Revenue Code of 1986, as amended. If the amount of state  
2 and local taxes deducted on the federal return is limited, taxable  
3 income on the state return shall be increased only by the amount  
4 actually deducted after any such limitations are applied.

5 24. For taxable years beginning after December 31, 2020, each  
6 taxpayer shall be allowed a deduction for contributions to accounts  
7 established pursuant to the Achieving a Better Life Experience  
8 (ABLE) ~~Program~~ program as established in Section 4001.1 et seq. of  
9 Title 56 of the Oklahoma Statutes. For any tax year, the deduction  
10 provided for in this paragraph shall not exceed Ten Thousand Dollars  
11 (\$10,000.00) for an individual taxpayer or Twenty Thousand Dollars  
12 (\$20,000.00) for taxpayers filing a joint return. Any amount of  
13 contribution not deducted by the taxpayer in the tax year for which  
14 the contribution is made may be carried forward as a deduction from  
15 income for up to five (5) tax years. Deductions may be taken for  
16 contributions made during the tax year and through April 15 of the  
17 succeeding tax year, or through the due date of a taxpayer's state  
18 income tax return excluding extensions, whichever is later.  
19 Provided, a deduction for the same contribution may not be taken in  
20 more than one (1) tax year.

21 F. 1. For taxable years beginning after December 31, 2004, a  
22 deduction from the Oklahoma adjusted gross income of any individual  
23 taxpayer shall be allowed for qualifying gains receiving capital  
24  
25

1 treatment that are included in the federal adjusted gross income of  
2 such individual taxpayer during the taxable year.

3 2. As used in this subsection:

4 a. "qualifying gains receiving capital treatment" means  
5 the amount of net capital gains, as defined in Section  
6 1222(11) of the Internal Revenue Code of 1986, as  
7 amended, included in an individual taxpayer's federal  
8 income tax return that result from:

9 (1) the sale of real property or tangible personal  
10 property located within ~~Oklahoma~~ this state that  
11 has been directly or indirectly owned by the  
12 individual taxpayer for a holding period of at  
13 least five (5) years prior to the date of the  
14 transaction from which such net capital gains  
15 arise,

16 (2) the sale of stock or the sale of a direct or  
17 indirect ownership interest in an Oklahoma  
18 company, limited liability company, or  
19 partnership where such stock or ownership  
20 interest has been directly or indirectly owned by  
21 the individual taxpayer for a holding period of  
22 at least two (2) years prior to the date of the  
23 transaction from which the net capital gains  
24 arise, ~~or~~



1 (3) the sale of real property, tangible personal  
2 property or intangible personal property located  
3 within ~~Oklahoma~~ this state as part of the sale of  
4 all or substantially all of the assets of an  
5 Oklahoma company, limited liability company, or  
6 partnership or an Oklahoma proprietorship  
7 business enterprise where such property has been  
8 directly or indirectly owned by such entity or  
9 business enterprise or owned by the owners of  
10 such entity or business enterprise for a period  
11 of at least two (2) years prior to the date of  
12 the transaction from which the net capital gains  
13 arise, or

14 (4) for tax year 2027 and subsequent tax years, the  
15 sale or exchange of gold and silver,

16 b. "holding period" means an uninterrupted period of  
17 time. The holding period shall include any additional  
18 period when the property was held by another  
19 individual or entity, if such additional period is  
20 included in the taxpayer's holding period for the  
21 asset pursuant to the Internal Revenue Code of 1986,  
22 as amended,

23 c. "Oklahoma company," "limited liability company," or  
24 "partnership" means an entity whose primary  
25

1 headquarters have been located in ~~Oklahoma~~ this state  
2 for at least three (3) uninterrupted years prior to  
3 the date of the transaction from which the net capital  
4 gains arise,

5 d. "direct" means the individual taxpayer directly owns  
6 the asset,

7 e. "indirect" means the individual taxpayer owns an  
8 interest in a pass-through entity (or chain of pass-  
9 through entities) that sells the asset that gives rise  
10 to the qualifying gains receiving capital treatment.

11 (1) With respect to sales of real property or  
12 tangible personal property located within  
13 ~~Oklahoma~~ this state, the deduction described in  
14 this subsection shall not apply unless the pass-  
15 through entity that makes the sale has held the  
16 property for not less than five (5) uninterrupted  
17 years prior to the date of the transaction that  
18 created the capital gain, and each pass-through  
19 entity included in the chain of ownership has  
20 been a member, partner, or shareholder of the  
21 pass-through entity in the tier immediately below  
22 it for an uninterrupted period ~~of~~ not less than  
23 five (5) years.  
24

1 (2) With respect to sales of stock or ownership  
2 interest in or sales of all or substantially all  
3 of the assets of an Oklahoma company, limited  
4 liability company, partnership or Oklahoma  
5 proprietorship business enterprise, the deduction  
6 described in this subsection shall not apply  
7 unless the pass-through entity that makes the  
8 sale has held the stock or ownership interest for  
9 not less than two (2) uninterrupted years prior  
10 to the date of the transaction that created the  
11 capital gain, and each pass-through entity  
12 included in the chain of ownership has been a  
13 member, partner or shareholder of the pass-  
14 through entity in the tier immediately below it  
15 for an uninterrupted period ~~of~~ not less than two  
16 (2) years. For purposes of this division,  
17 uninterrupted ownership prior to July 1, 2007,  
18 shall be included in the determination of the  
19 required holding period prescribed by this  
20 division, and

21 f. "Oklahoma proprietorship business enterprise" means a  
22 business enterprise whose income and expenses have  
23 been reported on Schedule C or F of an individual  
24 taxpayer's federal income tax return, or any similar  
25

1           successor schedule published by the Internal Revenue  
2           Service and whose primary headquarters have been  
3           located in ~~Oklahoma~~ this state for at least three (3)  
4           uninterrupted years prior to the date of the  
5           transaction from which the net capital gains arise.

6           G. 1. For purposes of computing its Oklahoma taxable income  
7           under this section, the dividends-paid deduction otherwise allowed  
8           by federal law in computing net income of a real estate investment  
9           trust (REIT) that is subject to federal income tax shall be added  
10          back in computing the tax imposed by this state under this title if  
11          the real estate investment trust is a captive real estate investment  
12          trust.

13          2. For purposes of computing its Oklahoma taxable income under  
14          this section, a taxpayer shall add back otherwise deductible rents  
15          and interest expenses paid to a captive real estate investment trust  
16          that is not subject to the provisions of paragraph 1 of this  
17          subsection. As used in this subsection:

18           a. the term "real estate investment trust" or "REIT"  
19           means the meaning ascribed to such term in Section 856  
20           of the Internal Revenue Code of 1986, as amended,

21           b. the term "captive real estate investment trust" means  
22           a real estate investment trust, the shares or  
23           beneficial interests of which are not regularly traded  
24           on an established securities market and more than

1 fifty percent (50%) of the voting power or value of  
2 the beneficial interests or shares of which are owned  
3 or controlled, directly or indirectly, or  
4 constructively, by a single entity that is:

- 5 (1) treated as an association taxable as a  
6 corporation under the Internal Revenue Code of  
7 1986, as amended, and  
8 (2) not exempt from federal income tax pursuant to  
9 the provisions of Section 501(a) of the Internal  
10 Revenue Code of 1986, as amended.

11 The term shall not include a real estate investment  
12 trust that is intended to be regularly traded on an  
13 established securities market, and that satisfies the  
14 requirements of Section 856(a)(5) and (6) of the ~~U.S.~~  
15 Internal Revenue Code of 1986, as amended, by reason  
16 of Section 856(h)(2) of the Internal Revenue Code of  
17 1986, as amended,

18 c. the term "association taxable as a corporation" shall  
19 not include the following entities:

- 20 (1) any real estate investment trust as defined in  
21 paragraph a of this subsection other than a  
22 ~~"captive real estate investment trust"~~ captive  
23 real estate investment trust,

- 1 (2) any qualified real estate investment trust  
2 subsidiary under Section 856(i) of the Internal  
3 Revenue Code of 1986, as amended, other than a  
4 qualified REIT subsidiary of a ~~"captive real~~  
5 ~~estate investment trust"~~ captive real estate  
6 investment trust,
- 7 (3) any ~~Listed Australian Property Trust~~ listed  
8 Australian property trust (meaning an Australian  
9 unit trust registered as a ~~"Managed Investment~~  
10 ~~Scheme"~~ "managed investment scheme" under the  
11 Australian Corporations Act 2001 in which the  
12 principal class of units is listed on a  
13 recognized stock exchange in Australia and is  
14 regularly traded on an established securities  
15 market), or an entity organized as a trust,  
16 provided that a ~~Listed Australian Property Trust~~  
17 listed Australian property trust owns or  
18 controls, directly or indirectly, seventy-five  
19 percent (75%) or more of the voting power or  
20 value of the beneficial interests or shares of  
21 such trust, or
- 22 (4) any ~~Qualified Foreign Entity~~ qualified foreign  
23 entity, meaning a corporation, trust, association  
24 or partnership organized outside the laws of the

1 United States and which satisfies the following  
2 criteria:

- 3 (a) at least seventy-five percent (75%) of the  
4 entity's total asset value at the close of  
5 its taxable year is represented by real  
6 estate assets, as defined in Section  
7 856(c)(5)(B) of the Internal Revenue Code of  
8 1986, as amended, thereby including shares  
9 or certificates of beneficial interest in  
10 any real estate investment trust, cash and  
11 cash equivalents, and ~~U.S. Government~~ United  
12 States government securities,
- 13 (b) the entity receives a dividend-paid  
14 deduction comparable to Section 561 of the  
15 Internal Revenue Code of 1986, as amended,  
16 or is exempt from entity level tax,
- 17 (c) the entity is required to distribute at  
18 least eighty-five percent (85%) of its  
19 taxable income, as computed in the  
20 jurisdiction in which it is organized, to  
21 the holders of its shares or certificates of  
22 beneficial interest on an annual basis,
- 23 (d) not more than ten percent (10%) of the  
24 voting power or value in such entity is held

1 directly or indirectly or constructively by  
2 a single entity or individual, or the shares  
3 or beneficial interests of such entity are  
4 regularly traded on an established  
5 securities market, and

6 (e) the entity is organized in a country which  
7 has a tax treaty with the United States.

8 3. For purposes of this subsection, the constructive ownership  
9 rules of Section 318(a) of the Internal Revenue Code, as modified by  
10 Section 856(d)(5) of the Internal Revenue Code of 1986, as amended,  
11 shall apply in determining the ownership of stock, assets, or net  
12 profits of any person.

13 4. A real estate investment trust that does not become  
14 regularly traded on an established securities market within one (1)  
15 year of the date on which it first becomes a real estate investment  
16 trust shall be deemed not to have been regularly traded on an  
17 established securities market, retroactive to the date it first  
18 became a real estate investment trust, and shall file an amended  
19 return reflecting such retroactive designation for any tax year or  
20 part year occurring during its initial year of status as a real  
21 estate investment trust. For purposes of this subsection, a real  
22 estate investment trust becomes a real estate investment trust on  
23 the first day it has both met the requirements of Section 856 of the  
24 Internal Revenue Code of 1986, as amended, and has elected to be



1 treated as a real estate investment trust pursuant to Section  
2 856(c) (1) of the Internal Revenue Code of 1986, as amended.

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